EMBRACING MANAGERIALISM IN A SMALL PACIFIC ISLAND STATE: A STUDY OF GOVERNANCE AND NEW PUBLIC MANAGEMENT OUTCOMES IN THE COOK ISLANDS FROM 2006-2012

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ATTESTATION OF AUTHORSHIP

I hereby declare that this submission is my work and that to the best of my knowledge and belief it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the reward of any other degree or diploma of a university or other institution of higher learning.

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ETHICS APPROVAL

The ethical approval No 12/184 for this research was granted by the Auckland University of Technology Ethics Committee (AUTEC) at its meeting held on 13 August 2012.

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ABSTRACT

At self-government in free association with New Zealand on 4 August 1965, the Cook Islands adopted the Westminster Parliamentary Democratic system of government. Alongside these modern systems were the traditional family-based Ariki (chiefly) system that was recognised in the Constitution, and by an act of Parliament in 1966 the House of Ariki was established. An amendment made to the House of Ariki Act in 1972 established the Koutu Nui. In 1969, ten Island Councils were established to manage the affairs of the island communities. In addition to these formal institutions, many churches and civil society organisations contribute to and support the development of the Cook Islands. Between 1995 and 1997 a comprehensive public sector reform took place as a response to the nation's poor economic performance. A number of neoliberal legislation were introduced, bringing new policies and processes that required the collaboration of national agencies. Post-reform reports emphasised the success of the reforms in terms of a better performing public service and an improved economy. There has been less attention given to the question of whether and how the reform process has resulted in a better quality of life for all the people and/or increased people's understanding of their role in the new governance system. This thesis explores people's understanding of the systems of governance underpinning the outcomes of New Public Management (NPM) in the Cook Islands from 2006 to 2012 period. A General Systems Theoretical (GST) framework was used to explore the various parts of governance and the Pacific worldview was used with a Cook Islands lens to encapsulate the epistemology of the people, and the Cook Islands Tivaivai research model was used as a process to widely collect people's views of the phenomenon. Individual interviews were carried out with twenty participants comprising government officials, NGOS and members of the civil society, spread over urban, rural, and by gender – and three key informants were surveyed. A critique of documents relating to governance and NPM in that period of study was carried out. Some positive outcomes were identified, however the incomplete reform process created tensions in the system. It brought about some negative outcomes and created new challenges which are highlighted in this study. A number of policy recommendations are made, and some areas for further studies have been suggested.

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Chapter 1 INTRODUCTION

This thesis explores people's understanding of the systems of governance underpinning the outcomes of new pubic management (NPM) in the Cook Islands from 2006 to 2012.

The Cook Islands is a small island developing state (SIDS), comprising of 15 islands. It has a population of 13,700 (Table 2), spread over 1.8 million square kilometres of ocean in the South Pacific (Figure 1). Over 70% of its population reside on Rarotonga, the centre of government, education, and commerce (CISO, 2012). First settled by migrants from French Polynesia, the main institutions in traditional times were the family based Ariki (chiefly) system. The system was based on chiefly titles, customary land ownership, and the management of natural resources for the use of future generations (Crocombe, 1964). Following contact by the Spanish, British navigators and missionaries, the Cook Islands became a British Protectorate (1888) and in 1901 were included within the boundaries of the Colony of New Zealand. "The process of representative government began with the establishment of the Legislative Council in 1946 with a minority of elected members" (Maritime Cook Islands, n.d.). In 1957 the Legislative Council was renamed the Legislative Assembly with its powers extended but essentially controlled by the Resident Commissioner until 1962. Government services were located in the capital of Rarotonga and there was a reliance on New Zealand expatriate staff in these early years. For example, expatriate staff were employed as legal advisors and administrators in the public service, and in education and health.

In line with global calls for self-determination, the Cook Islands gained self-government in "free association with New Zealand" in 1965 (Ministry of Foreign Affairs and Immigration (MFAI),   1998, p. 147). The 'free association' meant 1) the Cook Islands control all aspects of governance, 2) Cook Islanders retain New Zealand citizenship, 3) New Zealand to continue to provide security and foreign affairs (in consultation with the Cook Islands Government), 4) the Cook Islands to honour and "safeguard values of which its citizen is based" (MFAI, 1998, p.53). In that year, the Cook Islands elected its first premier - Albert Henry – and members of parliament.

At that time of self-government, the Westminster Parliamentary Democratic system of government was introduced which included the three arms: the legislature, the executive government, and the judiciary.

In 1969, a system of Island Councils was established to link the ten outer islands into the centralised decision-making process (Commission of Political Review (CPR), 1998). During the early 1990s, it became increasingly clear that the Cook Islands was experiencing significant financial difficulties and by 1995, the country was insolvent. With support from the New Zealand Government and other donor agencies, a comprehensive public sector reform took place - from April 1995 to May 1996. In that short period, the people of the Cook Islands experienced one of the most severe economic crises in their lives.

In January 1996, a new Secretary of Finance from New Zealand was appointed and the reform "proceeded quickly" (ADB, 2002a, p. 37). The 'shut down' of government business, and the 'restructuring' came as a surprise to many. For example, some businesses that the government owed money to were forced to close down. In addition, people who thought they had secure jobs suddenly found themselves out of work. There was a drastic cut back in the civil service from 3,002 personnel in 1996 to 1,741 by 1998 (Reeves, 2012c).

My place in this research

I arrived in the Cook Islands with my young family from Papua New Guinea (PNG) in November 1992 just as discussions about the financial crisis were reaching their peak. I am from PNG, however, my wife is a Cook Island woman from Rarotonga. I was employed as a senior project officer at the Office of the Prime Minister (OPM) until 1994 and have been employed in the Public Service for almost 17 years under both the government and opposition parties. These include a number senior posts in the Office of the Prime Minister, Customs Department, Inland Revenue Department (IRD), and Justice and Lands Department and as Public Service Commissioner.

I have watched and been part of the reforms at both administrative and government level, and also from community and family level. I was also affected by the public sector reform and was unemployed for some time.

In early 1995 I was assigned by the government to lead two task forces to recover debts and later appointed as head of the Inland Revenue Department (IRD). There were 38 staff including myself, and our job was to collect tax revenue and recover as much tax debt as possible to keep the government operating. However, our efforts were insufficient to save a country, already heavily in debt.

I recall the first wave of chaos at the IRD Office, when one morning a bank employee brought five bags of the Cook Islands *Tangaroa* coins (currency) to trade-off for the bank's outstanding turnover tax debt with the IRD. The Cook Islands currency was decommissioned in the early hours of that morning. The IRD had to refuse to accept the Cook Islands currency because the coins were no longer a legal tender. The coins had become valueless before the banks reopened their doors for business that morning. The currency was placed in a safe until the new financial secretary could decide what to do with them.

In the next few days, the situation became chaotic. For instance, there were negotiations to write off tax debts, because of the decommissioning of the currency and the reshuffling of staff, equipment and furniture. People packed their things and moved out. Others cried when they said farewell to their friends at work. You could see the disbelief, the shock, and the sadness on many faces. Some employees were offered redundancy packages to leave while others were offered jobs at 15% less than the previous rates. Some were moved to work in new areas where they were not skilled, but on the understanding that on-the-job training would be provided once the reorganisation was completed (Alexeyeff, 2008). During this period, a large number of families left their home islands for New Zealand and other destinations (ADB, 2002a; Sharma, 2008). Our family considered migrating, but I decided to stay. At this time, I was transferred to the Ministry of Finance and Planning (now MFEM) to work with the ADB consultants as part of the team to restructure government functions. This was short-lived as the on-going restructuring saw me once again put into 'transition' with the other "1669 public sector employees" (Sharma, 2008, p. 75).

Clearly, the public sector reform measures were not popular and the years following were years of political uncertainty with rapid changes in government. For example, in 1999, the government changed and a new Prime Minister was elected to the office (ADB, 2002a). A coalition government was formed from two political parties and independents (ADB, 2002a). But the political instability continued with five more coalition governments formed "since the 1999 general elections" (Jonassen, 2003, p. 1). These and other events have been well documented in donor funded reports and research articles, and widely commented in the media (Alexeyeff, 2008; ADB, 2008c ; Ireland, 2010; Jonassen, 2010).

Research Gap

As I looked back on the restructuring process, which had affected all Cook Islanders, I began to question more deeply the purpose, the processes, and the effectiveness and efficiency of the new public management (NPM) system. It appeared that while the NPM had promised so much it also instigated new challenges (ADB, 2002a; Wichman, 2008). A number of questions arose, which then helped shape my study. First, the purpose of the reform had been to streamline government functions through the devolution of political power to citizens and groups so they could participate in determining their way of life. Had this been achieved and, had 'citizens and groups' understood and played their role in the new processes?

A quick review showed that the public sector reform had been very well documented (see, for example, the ADB (2002a) Report - Cook Islands 2001 Economic Report: Policies for Progress (pp.36-41). However, the focus of this and other reports had been on gains to the economy. There was little documentation about people's perspectives of the reforms; whether and how this had affected their quality of life or their aspirations. For example, what were the impacts of the continuing high rate of emigration? The overarching questions were whether people had understood the NPM processes or their role within a governance model and, was the model introduced the right one for the Cook Islands? Gaining people's perceptions about the NPM regime became a priority and a major drive for my study.

Secondly, the reforms challenged the prevailing 'top-down' government led models, especially with the *good governance* model which emphasised shared decision-making amongst and between government departments, with civil society groups and with traditional systems such as the Ariki (UN, 2006).

The World Bank Poverty Reduction Strategy Paper (PRSP) Handbook highlighted the place of traditional beliefs and customs in the governance model (Kaufmann, 2005). This fits the Cook Islands context (and that of other Pacific Island Countries and territories) where the endurance of the customary ways is well documented.

The participatory ideals of the good governance model were a stark contrast to the prevailing top-down models of government which, I believe, the people of the Cook Islands were familiar with and expected. Good governance also required strong community networks, alliances, alignments, and cohesion across and between institutions and processes in the planning and management of national affairs. Lee (2003) notes that:

> "governance comprises the traditions, institutions and processes that determine how power is exercised, how citizens are given a voice, and how decisions are made on issues of public concern" (p.5)

The good governance participatory model also reminded that changes in any one part of the governance system (e.g. economic) would require actions in other parts of the system (e.g. legal and administrative processes). On this point, my questioning turned more to the system that had been put in place. Had the various agencies (the 'parts' of the system) worked together in the formulation of policies and practices to ensure there is equity in goods and services delivery? And, how did those working in government and in different parts of the system (NGOs and Ariki) perceive their roles within the system? Did they feel their views were taken account of in the NPM processes?

I saw the value of focussing on the years 2006-2012, which marked ten years of NPM restructuring as this was a good time to 'look back'. It was time to review, if there were any changes in legislation, policy and processes relating to the restructuring.

In addition, there were national consultations that took place during this period to formulate the National Sustainable Development Plan.

Also, in 1997 the National Assessment Report on Commitment to Sustainable Development (NARs) was produced. These documents set the foundation from which the fieldwork was carried out.

Research Questions

Two research questions guided my study of governance and the new public management outcomes in the Cook Islands from 2006 to 2012. The aim of the first question was to explore people's understanding of the governance model that underpins the NPM regime: the responsibilities of the various parts of the system and people's personal place in governance.

The second research question explored people's views of the outcomes of New Public Management (NPM) in post-reform Cook Islands. The research questions were -

1) What are people's understandings of the systems of governance underpinning New Public Management in the Cook Islands from 2006 to 2012?

2) What are people's perceptions of the outcomes of New Public Management in the Cook Islands from 2006 to 2012?

As noted, most research on NPM in the Cook Islands has focussed on economics and financial outcomes drawn largely from statistics and other quantitative data analyses. To gain the people's voice of their experiences, I decided to use a qualitative research design approach. The General Systems Theory (GST) approach was used as an overarching theoretical framework underpinning the various theories, concepts and the reform programmes (Funnell & Cooper, 1998b). The Cook Islands Tivaivai research model was used to appropriately engage with the people to collect data.

Definitions as used in this thesis

A number of terms used in this thesis are defined in different ways by different disciplines, and fields of study as well as by donor agencies. It is important to establish how these terms are defined and used in this study. Terminologies such as government, governance, and public administration have been used interchangeably but their definitions differ, and there appears to be little consensus as to what they meant (UN, 2006). In many instances, theorists and established global institutions either defined governance in a generalised manner or provided definitions that were based on their particular perspectives and for their purposes. It is how individuals and organisations perceive governance in light of their existence, their functions, and their networks both within and outside of their environment that defines governance (Frederickson and Smith, 2003).

Definition of New Public Management (NPM)

New Public Management (NPM) is a classical administration model (Hood, 1991) that is used in a number of countries in various forms (Simonet, 2011). New Public Management (NPM) is a term used to describe a combination of theories and ideologies that bounded the public sector reforms in the 1980s. The theoretical basis in which this form of management system emerged, had its roots in 'institutional economic thoughts' (Hood, 1991). The core elements of NPM comprise, 1) public choice theory, 2) principle-agency theory, 3) transaction cost economics, and 4) managerialism. The first three elements originated from institutional economic thoughts, whereas managerialism originated from Frederick Taylor's (1911) scientific management theory (see Boston et al., 1991, p. 9). What was called New Public Management was coined by Osborne and Gaebler in 1992 (Costantinos, 2011; Kamensky, 1996; Osborne & Gaebler, 1992, 1993).

The main concept behind NPM is that governments could use the open market to speed up service delivery at reduced cost to taxpayers, and to bring down decision-making to where policy is implemented (Boston, et al., 1991; Buchanan, 1986). From Osborne and Gaebler's (1992) perspective government's role is to 'steer' the economy instead of 'rowing' – that is government should not get involved in the day-to-day

running of the country. It should concentrate on its core function of policy decision and legislation, and let others implement policies (Osborne & Gaebler, 1993).

Thus, public service reforms could be "broadly defined as a deliberate effort to effect changes that can allow a government to execute public policies in an effective and efficient manner" (Ryan & Brown, 1992, p. 309).

New Public Management literature suggest that the definition of NPM is wide and varies dramatically from country to country - that there is no universal definition (Farzana Naz, 2003; Gruening, 1998; Polidano, 1999b; Schick, 1998). Simonet (2011) suggested there have been many variations of NPM implemented worldwide. These diversities meant NPM is susceptible to "reinterpretation and shift in implementation across countries" (Simonet, 2011, p. 815). This challenge is further compounded by a number of terminologies used by different authors to describe NPM (Thomas & Memon, 2005). The common terms used in describing the NPM 'paradigm' were managerialism (Pollitt, 1999), market governance (Lan & Rosenbloom, 1992), entrepreneur governance (Osbourne & Gaebler, 1992) and new public management (Hood, 1991; Osborne & Gaebler, 1992), which they all intended to explain what this new phenomenon was.

In the early 1980's, Garson and Overman (1983) defined NPM as "an interdisciplinary study of the generic aspects of administration" (cf: Farzana Naz, 2003, p. 31). In the mid-1990's, Borins (1995) defined NPM as "a normative conceptualization of public administration consisting of several inter-related components" (p.12). Borins (1995) further listed public administration components as - the increasing autonomy of public managers, rewarding organisations and individuals on the basis of performance, making available human and technological resources for better performance, appreciating the virtue of competition, and having an open mind about activities that could be better performed by the private sector. Other scholars applied private sector management principles to explain NPM (Jones & Kettl, 2003) as a modern management system, while some writers listed doctrines (Hood, 1991) in a bid to explain NPM (see also Hood, 1995; Jones & Thompson, 1999; Moe, 1994; Olsen, 1998). Hood (1991) listed these doctrines as-

1. hands-on professional management of public organisations, where managers are provided extreme autonomy to manage their organisations. This autonomy is expected to contribute sufficiently to accountable administration.

2. explicit standards and measurement-performance, where goals are well defined, and performance targets are set (later defined as performance indicators). These are also expected to enhance efficiency and ensure accountability.

3. greater emphasis on output control, where resources are directed to areas according to measured performance, because of the need to stress results rather than procedures.

4. the shift to disaggregation of units in the public sector by dismantling large corporatised units around products, funded separately and dealing with one another on an arms' length basis.

5. the shift to greater competition in the public sector by term contracts and public tendering process, as rivalry is always the key to lower costs and better standards.

6. stress on private-sector styles of management practice, where military style bureaucracy is discarded. There should be more flexibility in hiring and rewarding personnel.

7. stress on greater discipline and parsimony in public sector resource use, which means cutting direct costs, raising labour discipline, resisting union demands, and limiting compliance costs to business (see also Farzana Naz, 2003, pp. 34-35).

Although NPM has been applied in many parts of the world since the 1980s, the understanding of what NPM entails and the extent of its implementation varies drastically from one country to another (Pollitt & Bouchaert, 2000). Some scholars pointed to the complexity and the problems associated with the implementation of NPM in different socio-cultural settings as "both complex and problematic" (Pollitt, 2002, p. 3). Secondly, that it is not only the complexity of the importation of new policies that is a concern, but also the context and the tasks involved "is of greater concern"(Pollitt, 2002). Moreover, what is being said of NPM could be different from the outcome, because importers, exporters, and entrepreneurs differ in their

objectives when transacting NPM (Pollitt & Bouchaert, 2000). For example, in the study of the *autonomisation* of public agencies of the Netherlands, Van Thiel (2001) found that politicians have offered a variety of reasons for the reorganisation of government agencies but they did not specifically state the objectives of the reforms (see also Pollitt & Bouchaert, 2000).

Some scholars argued that NPM did not have a theory (Kelsey, 1995; Cheng, 1996). Others added, it is not a new paradigm (Gruening, 1998) as it has no definition. It has no laws governing its application, it has no ability to solve practical problems, and it "is relatively immature" [as a] "field of enquiry" (Bozeman, 1991, p. 33). The complexity of what constitutes NPM added to the ambiguity of its definition (Farzana Naz, 2003). Some scholars argued that the definition of NPM is too wide and not universal (Gruening, 1998; Polidano, 1999; Schick, 1998). For this study, I have decided to adopt Hood's seven doctrines.

Public Administration

The concept of Public Administration has its genesis in Max Weber's description of the 'nature of bureaucracy' in which he described the role of civil servants as subservient to their political masters, and a form of "monocratic hierarchy" (Pfiffner, 2004, p. 1). Public administration is a top-down approach aimed at maintaining control over policy-making, physical resources, procedures, and public laws. The emphasis is on controlling the bureaucratic processes, which flowed from public law and conventions. Some authors defined public administration as "the organization of government policies and programmes" (UN, 2006, p. 5). In this definition, the concern is with the control and management of organisations, and behaviours of appointed (non-elected) public officials.

On the other hand practitioners defined public administration as encompassing all bureaucratic processes, the organisations, individuals (acting in their capacity as officials of the state), who carry out policies, laws, and rules issued by the executives, the legislature, and the judiciary.

Peters (2001) lists the characteristics of public administration as: 1) an apolitical civil service, 2) of hierarchy and rules, 3) being permanent and stable, 4) an institutional public service, 5) having internal regulations, and 6) equality (internally and externally) in the organisation. In the same vein, Pfiffner (2004) writes that "elected officials and their direct appointees" (p.2) have legal obligations and rights to make policy decisions and implement these policies on behalf of their citizens. In other words, politicians and civil servants are required by law and by public policies to make decisions on behalf of their citizens.

Frederick Taylor (1911) contributed to the bureaucratic model of public administration by his study of *time* and *motion* and his careful analysis of the role of managers and employees in organisations*.* In the *Principles of Scientific Management*, Taylor demonstrated management techniques and managerial practices, which could increase production. These ideas captured the imagination of industrialists, businesses and the public sector throughout the world in the early 20th century (Pfiffner, 2004). These were the ideas that would later form part of the theoretical foundation of NPM in the 21st century. For this study, I have adopted Peters' (2001) six characteristics of public administration.

Governance

Government is defined as the exercise of political power or authority over the actions, affairs, and functions of people, unit, or body. It is the act of governing, ruling and administration of a group of people or a unit. It is a system by which a sovereign state or a community is governed; that is, by action or manner of controlling or regulating a state, organization, or people. The definition of government is in contrast to the definition of governance, which is much wider than the concept of government (Lee, 2003; Carrington, DeBuse, & Lee, 2008). Governance encompasses stakeholders in sovereign states as well as those at the international level, which gave rise to widely used terminologies such as *good governance* (Polit & Beck, 2008; Richards, 2009; United Nations, 2006) and *global governance* (Pollitt & Bouchaert, 2000).

The World Bank (1993) defines governance "as the method through which power is exercised in the management of the country's political, economic, and social resources for development" (cf: UN, 2006, p. 3). Jon Pierre (2000) describes governance as the means to sustainable outcomes – a societal centric view that emphasised a -

> "sustain[ed] coordination and coherence among a wide variety of actors, and institutions, interest groups, civil society, non-governmental, and transnational organisations"(p.3)

Peters and Pierre (2000) propose a more state-centric concept, that governance is the "processes in which the [s]tate plays a leading role, [and] making priorities and defining objectives"(cf. UN, 2006, p. 4). This view is reaffirmed by Hirst (2000), who asserts that –

> governance can be generally defined as the means by which an activity or ensemble of activities is controlled or directed, such that it delivers an acceptable range of outcomes according to some established standard (cf. UN, 2006, p. 4).

The definition used by Canada's Institute of Governance (2002) defined governance as a process of decision-making and compliance. It is "the process whereby societies or organizations make important decisions, determine whom they involve and how they render account" (p.4). Despite the slight differences, these definitions pointed to national governments engaging with stakeholders, civil society and interest groups in decision-making as noted by Bissessar (2002):

> …today's visionaries have widened their scope from the realm of government to that of governance to include not just governmental institutions but the whole family of societal institutions including kinship, civic, non-governmental, economic, business, religious, and cultural, i.e. all social and communal organizations that exercise authority over individuals (p. 29).

For this study, I use the definition of governance as governments engaging with stakeholders, interest groups and civil society in decision-making.

Good Governance

The World Bank (2005) report defined *good governance* as a process that entails the quality of service delivery, being efficient, effective, accountable with an open

exchange of information, an effective judicial process, respect for human dignity, secure rights of citizens, and the protection of people's liberty. In line with this definition, the United Kingdom's Department for International Development (DFID) defined *good governance* which comprise four main features, 1) legitimacy (who gave government the mandate to rule), 2) accountability (where policy, transactions, and actions of those in authority are transparent at all times, are answerable to the public for actions taken and to enable media freedom, 3) competency (being effective in policymaking, implementation, and service delivery), and 4) respect for the rule of law and the protection of human rights (UN, 2006, p. 4). For this study, the World Bank's (2005) definition of good governance will be used.

Contribution of this study

This qualitative research is of significance from a number of perspectives.

1) It provides an opportunity for those implementing the system (civil servants), the tradition leaders (Ariki, Koutu Nui and Aronga Mana), island government members (Mayors and Councillors), and the community (NGOs) to critique this NPM phenomenon impacting their lives and the lives of their people in their island communities.

2) It captures and documents people's perception of the NPM – so adding meaning to the quantitative studies undertaken by donor agencies and stakeholders (see ADB, 1995; 2002, 2002a; 2008; 2008c; 2009; 2011; UN 2006; UNDP 1997; UNE, 2004; UNICEF, 2004; Yeoman & Numanga, 2011).

3) It is the first case study of the impact of NPM on people and the communities in a small island state, where traditional forms of governance exist side by side with the formal government system. This study aims to highlight areas where NPM has worked, where it did not, and how these systems could be improved, realigned and/or merged better to serve the needs of the people of the Cook Islands.

4) It provides a research model and findings, which other Pacific Island countries can draw on to examine the impacts of NPM in their respective jurisdictions.

Although small, scattered, and having a mobile population because of its 'free-association' status with New Zealand, lessons drawn from this study will be invaluable to many Pacific Island countries engaging in or contemplating public sector reforms.

5) It contributes to new knowledge on NPM impact on governance in developing countries, small islands developing states (SIDS), and in particular for countries that maintain traditional systems alongside modern government institutions.

Risks

As has been noted, I am from Papua New Guinea. However, I have worked with the Cook Islands Government and been a member of the Cook Islands community for many years, during and after the reform. In a sense, I am both an insider (a Pacific person) and an outsider. As a Pacific person, I share similar beliefs with the people of the Cook Islands in terms of a Pacific Worldview and the importance to family land, and customary decision-making processes. However, I am an outsider in terms of competence in the Cook Islands Maori language, traditions and practices. In this context, the divide between being an outsider and an insider in undertaking research in the Cook Islands becomes blurred.

Ethical Consideration

In the research design the five key ethical principles as established by Auckland University of Technology Ethics Committee (AUTEC) on 13 August, 2012 have been followed (see Appendix 1). As such, care had been given to participants:

by informed and voluntary consent

in respect of rights of privacy and confidentiality

in minimising risks

in terms of truthfulness, including limitations to deception

in regards to social and cultural sensitivity, including a commitment to the principles of the Treaty of Waitangi.

In addition, it was also necessary to gain ethical approval from the Cook Islands Government. My application was lodged with the National Research Foundation Committee (NRFC) on 16 June, 2012 and approved on 25 June, 2012 subject to certain conditions designed to protect the people of the Cook Islands from harm (Appendix 2).

Organisation of the thesis

This thesis consists of nine chapters including this chapter which has introduced my study focus, aims, and goals. Following the introductory chapter is Chapter 2, which provides some historical aspects of the Cook Islands, including the geography and demography, the social and administrative organisations, the NPM reform and the current national socio-economic data. The chapter also describes the 'special relationship' that exists between the Cook Islands and New Zealand, and the significant influence of New Zealand over matters affecting the Cook Islands. A brief description of the Ariki rebellion in 2008 is presented to highlight the interrelationship between government and stakeholders.

Chapter 3 is a review of the literature relevant to governance as a system in the global context and its application to small island states, and in particular to the Cook Islands. As this study is investigating the people's understanding of the systems of governance and between the various parts of governance and the outcomes of NPM in a small island developing state, a selected number of countries which have some similarities to the Cook Islands such as those of the Commonwealth Caribbean States(CCSs) were chosen for the review. On a global scale, New Zealand was selected because of its influence on the Cook Islands public sector reforms. It is also one of the leading countries in the world that undertook a comprehensive public sector reform in 1984.

Two other Organisations for Economic Co-operation and Development (OECD) countries were also chosen for the literature review, because of their diversity.

Japan is an industrial country in Asia. Its bureaucracy has a long history dated back to the Heian empire (Fruit, n.d.). Japan is a highly stratified society with its cultural traditions embedded in the bureaucracy and, therefore, a contrast would highlight the similarities and differences of reforms.

Denmark is an advanced economy of a Nordic state in northern Europe. Denmark's bureaucracy incorporates much of its traditional corporate culture into decision-making processes. Bargain consensus and minority governments are some features of Denmark's governance systems. These two countries have been pursuing some form of public sector reforms in various forms and at various stages. Thus, a contrast between the OECD countries, the CCSs, and the Cook Island reforms will provide the basis for discussions in Chapter 8.

Chapter 4 presents the research design of this study. The research design chapter is divided into four parts. Part 1 describes the research design, which takes account of the philosophical assumptions underpinning the research and the theoretical basis from which the research was carried out. As the research was carried out in a Pacific Island country, it was imperative that the understandings of the Pacific Worldview were encapsulated in the study: the Cook Islands *Tivaivai* research model was used to capture the Cook Islands' ontological and epistemological perspectives. As governance is an open system, a general systems approach was employed to understand how and why the parts and the whole of governance in the Cook Islands operate that way (see Johnson, Tsiros & Lancioni, 1995). Part 2 explores the various sources of data which contributed to NPM outcomes (Kast & Rosenzwieg, 1972). Part 3 provides the conceptual framework for document analysis, and Part 4 is a reflection of the fieldwork undertaken in the Cook Islands from August to November, 2012.

Chapter 5 presents the research findings. These findings are in chapters 5-7.

Chapter 6 is Part 2 of the research findings. This chapter presents the findings of the outcomes of NPM as experienced by the people in the Cook Islands. The findings were taken from two sources of data: 1) the interviews, and 2) surveys.

Chapter 7 is the findings from document analyses. These documents relate to governance and NPM reforms. Altogether, ten documents have been selected and analysed. The selected documents include legislation, policy documents, donor and international reports and statistical data analyses.

Chapter 8 discusses the overall findings from Chapters 5, 6 and 7 with references made to the theoretical framework, the literature review which relate to the study, and claims made by academics and practitioners on governance and NPM outcomes.

Chapter 9 is the conclusion and recommendations for further research. This chapter summarises the findings that emerged from the research and its contribution to existing knowledge. It highlights a number of policy recommendations and provides the limitation of the study. Some areas for further research are suggested. These areas of research are to reflect on some of the findings in this study.

Chapter 2 THE COOK ISLANDS

This chapter presents the background and context for this study of Cook Island peoples' perceptions of the introduction of NPM. It is in three parts. Part 1 is a review of the land, the people and the traditional Ariki chiefly systems (which were the major governing agencies in the widely dispersed family based communities) and the contact experience which set the foundations for the New Zealand - Cook Islands relationship which continues today. Part 2 is a summary of the introduction of the NPM, and this is followed in Part 3 by a review of the latest available data. The discussion highlights the interplay of traditional and Western models of government during these years as the Cook Islands takes its place in the international arena, including the relationship between traditional and democratic practices. Shown also is the severe resource constraints and challenges faced by small island nation states, such as the Cook Islands. Besides Rarotonga and Aitutaki (larger and more developed) there is the challenge of planning for, and the equitable delivery of quality services to a small population (under 2,000) spread over the other 10 widely dispersed inhabited islands.

Part 1: Land and People

The Cook Islands comprise of fifteen small volcanic islands and atolls spread over 1.8 million square kilometres of ocean (ADB, 2002a; Ingram, 1992; 2008). It has a total land area of under 240 square kilometres (ADB, 2002a, p. 1; Ingram, 2004). Historical accounts indicate an abundance of food crops and forest for housing and canoe building in these pre-contact subsistence communities (Gilson, 1980; Ingram, 1992; Rere, 1991). The exceptions were when severe hurricanes swept the islands. Today, the 15 islands are extremely vulnerable to physical disasters, which have increased in frequency and intensity due to climate change effects. For example, in 2005 alone five cyclones were experienced in two months, causing over $10 million damage (NSDP, 2007).

The Cook Island people are of Polynesian descent and the Cook Island Maori language (in varying island dialects) and Pukapukan are the main languages spoken along with English (Ministry of Foreign Affairs and Immigration (MFAI), 1998).

The population is unevenly distributed by island. For example, the 2006 census showed over 70% (10,572) resided in the capital of Rarotonga which is experiencing the impact of rapid urbanisation as people migrate there for employment, education, medical care and often, as a first step to outmigration, most often to New Zealand (Cook Islands Statistics Office (CISO), 2003, 2006b, 2006c, 2010). The population of other island groups ranges from Aitutaki at 2,038 down to Palmerston, which has 60 people (CISO, 2012).

Tradition has it that the Cook Islands was settled by people from the nearby islands of French Polynesia and Samoa in the 13th Century (MFAI, 1998; Rere, 1991). Traces of the Samoan influence are seen in the chiefly title of Karika while the Ngati Tangi'ia lineage in the Takitumu district of Rarotonga has its origins in French Polynesia (Crocombe, 1987; Gilson, 1980). From 1350 AD onwards genealogical evidence shows that Cook Islanders were settling in New Zealand (MFAI, 1998) so begins the strong relationships with New Zealand and the New Zealand Māori, which endure today. Figure 1 shows the location of the Cook Islands with the neighbouring islands of Tahiti to the east, Samoa to the west and Aotearoa New Zealand to the south-west.

Figure 1.   Cook Islands geographical position in Oceania

The Cook Islands are culturally, geographically and economically divided into three distinct regional groups (see Figure 2). The northern group, which includes Manihiki, Nassau, Palmerston, Penrhyn, Pukapuka, Rakahanga and Suwarrow (uninhabited bird sanctuary) are, raised coral atolls with less soil fertility than the southern group islands. The southern group comprise of Aitutaki, Atiu, Mangaia, Mauke, Mitiaro, and the two uninhabited islands of Manuae and Takutea. With the exception of Mitiaro, Manuae and Takutea the southern group islands are volcanic with lush jungle and have good soil fertility (NSDP, 2010). The main island of Rarotonga is a raised volcanic island with lush tropical jungle, and good soil fertility. It is surrounded by coral reefs, small atolls and lagoons with white sandy beaches. Rarotonga is the capital and the centre of government, education and commerce.
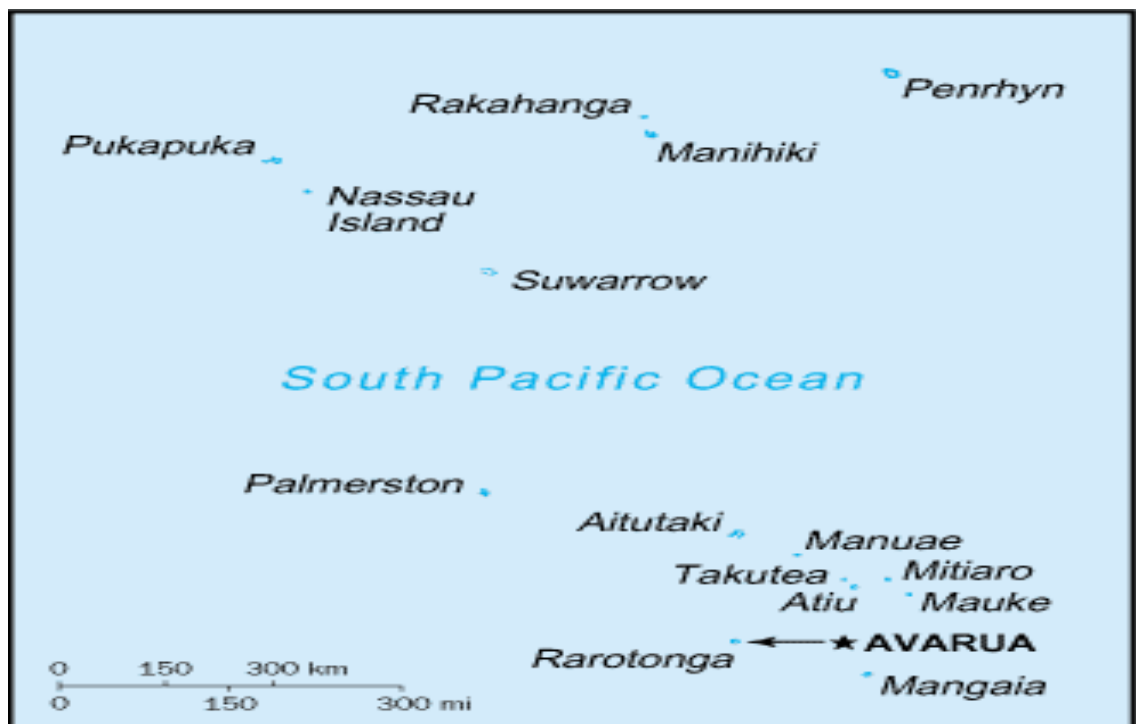
Figure 2.   Map of the Cook Islands
Source: www.cia.gov/cia/publications/factbook/geos/cw.html

As seen in Figure 2, the islands are distant from each other and from the capital of Rarotonga and major trade routes until the 1970s at the advent of air travel. Today there are daily flights by Air New Zealand between Rarotonga and New Zealand. There are weekly flights from Sydney and Los Angeles, each subsidised by the Cook Islands Government with the aim of maintaining the tourism industry – which is the main

national income earner. In addition, Virgin Australia operates an Auckland – Rarotonga return service five days a week. Air Rarotonga provides weekly flights to Tahiti, and a daily service to the southern group islands, and scheduled flights for the northern group islands of Manihiki, Penryhn and Pukapuka as well.

Two shipping lines provide services between Auckland and Rarotonga with one also servicing the Northern Group Islands on demand (New Zealand Ministry of Foreign Affairs & Trade (NZMFT), n.d.). The availability and the rapid spread of internet telecommunication (IT) have also helped break down feelings of isolation by outer island communities and increased choices as well. Today, computer access is available on all Islands (Census, 2006b).

Traditional systems

Traditionally there were three chiefly ranks: rangatira, mataiapo and Ariki. The rangatira were the younger brother or sister lines of the Ariki (as heads of families who control and manage the family customary lands and family decision-making processes), the Mataiapo (and Kavana) were the elder family lines of the Ariki. They were the heads of a sub-tribe, under an Ariki (paramount chief) owing him/her allegiance, but otherwise largely independent, owning their own lands and making decisions for their sub tribes. The Ariki were the highest paramount chiefs in their own districts or islands. They were selected from particular chiefly families of the tribe (Crocombe, 1964; Ingram, 1992). Except for the island of Mangaia the terms Mataiapo and Rangatira are widely used throughout the Cook Islands to refer to head chiefs and sub-chiefs (Ingram, 1992, p. 154; Karora, Seve-Williams, Mokoroa-Karora, & Kaiarun, 2007; Rere, 1991). In Mangaia, the high chiefs are known as *Kavana* (Buck, 1934). Dixon & Parima (1993) propose the term 'Kavana' is an adaptation of the English word 'governor'. The term 'Kavana' has been written into law and is widely used in the Cook Islands to refer to head-chiefs on the island of Mangaia (HoA (Amendment) Act,1972; Island Government Act, 2012-13).

The *Ariki* system, also known as the *Ui Ariki* is hereditary, hierarchical and follows the male, first-born-blood-line principle (Crocombe, 1964). However, since the 1900s, both men and women could claim rights to the titles (Crocombe, 1971; Ingram, 1992).

Ingram (1992) writes that the traditional leadership structures differed by island. For example, there were different structures established in Mangaia, Pukapuka and Palmerston Island (see also Buck, 1934; Dixon & Parima, 1993; Gill, 1839; Gilson, 1980; Henry, 1992). As a result, an amendment was made to the House of Ariki Act (1966) in 1972 by Albert Henry's Government to establish the Koutu Nui. As argued by Tepui Henry (1992), these different structures constitute the present day House of Ariki and Koutu Nui. Some members of the House of Ariki who were present at the opening of the 39th Annual General Meeting (AGM) are shown in Figure 3.

Figure 3.   Members of the House of Ariki

Source: The Cook Islands Herald. The Ariki at the opening of the 39th Annual General Meeting of the House of Ariki in December 2010.

The Ariki, were believed to be ordained by the Creator Gods and so had spiritual and supernatural powers as well as the responsibility for the wise allocation of the family's land and sea resources. Spirituality and faith have a central place in people's lives in the past and today. According to the mythology of the Hervey Islands the major deities worshipped were Tangaroa and Rongo (See Ministry of Education (MoE), 2000, pp. 10-24) who were the twin children of Vatea and Papa, the principle gods. Besides these main deities, there were six other primary gods.

These gods were, Vatea (Noon) or the god of light, Tinirau (Innumerable), "the Lord of all fish"(p. 23), Tango (support), Tumuteanaoa (Echo), regarded as a female god who dwells in the hollow rocks, Raka (Trouble) who presides over wind, and a female god named Tu, a short version for Tu-metua or Tupapa who dwells with the Great Mother Vari. Vari is a shortened version of the Supreme God, "Vari-ma-te-takere (The – very – beginning)" (MoE, 2000, p. 23). This family grounded and geographically located chiefly systems and kinship networks are the source of identity, unity, feelings of belonging and the foundation for prosperity in the future.

The first Christian missionaries to the Cook Islands were the Reverend John Williams and two Raiatea students from the London Missionary Society (LMS). Their arrival on Aitutaki in the 1820s saw the spread of Christianity and the replacement of these Gods by the Christian God (Rere, 1991). The spread of Christian teachings to neighbouring islands and on to Rarotonga is largely attributed to its acceptance by the Ariki, and their sub-chiefs, the Rangatira, Mataiapo and Kavana (Makirere, 2003). For example, mission work was successful in the Nga-pu-toru group of islands when the principle Ariki, Rongomatane Ariki was converted in Atiu. He then sailed on to Mitiaro and Mauke instructing the people to burn their marae[1] and idols. Rere (1991) writes that it was through the influence of Rongomatane Ariki that the people of these three islands "accepted Christianity without much opposition" (p. 38). As Christianity and mission work gained momentum, the traditional idols were burned and replaced by the worship of the Christian God. The church became the main institution nationally. It has become part of the family and community life in the Cook Islands, and in the New Zealand Cook Islands community as well (Karora et al., 2007; Kautai et al., 1984).

Culture of Collectivism

The Cook Islands' society has been described as a collective society (Crocombe & Crocombe, 2003). It is a communal society that is characterised by the sharing of resources so as to ensure the basic needs of all members are met. Hau'ofa (1994) described the Pasifika value of 'reciprocity' as a collective responsibility to family members and to the well-being of the community to which its members belong. Ratuva (2010) notes the "informal social protection systems provided by the culturally

based family networks" (p.40) was informed by Rawls (1993), who writes that collectivism implies that individuals give up their rights of freedom for the security and sanctuary of the family and the community (state) which ensures them protection, freedom and wellbeing. As is well reported, the Cook Island family based reciprocal networks have extended to form international kinship networks (Crocombe, 1990). For example, Crocombe (1990, p. 26) describes how "the descendants of a particular living or deceased ancestor" from over six different countries meet regularly for family reunions. Concerning individual rights, Cooper (1991) argues that collectivism places the family unit ahead of an individual's rights. Others see collectivism as undermining individual rights (Bucannan, 1984; Hayek, 1991). Bernard Narokobi (1980) describes the *wantok* system (commonly practised in Papua New Guinea), as a system that pursues community prosperity through an individual's 'reciprocity' to a *wantok*[2] (Narokobi, 1980).

Cook Island researchers Karora, et al., (2007) propose that "the basis of collectivity and kinship values permeate life of Atiu/Cook Islands and the maintenance of strong family and community relations" (p.155). This sharing and reciprocity are seen in the Cook Island proverb *au ramka e matapiko* (don't turn a blind eye) which teaches fairness, consistency and consideration for others (Tongia, 2003) . Also, Tongia (2003) writes, "every Cook Islands Maori is obliged to perform the three duties of *ara tiroa, ara tipoto* and *are vananga*" (p. 291). "*Ara tipoto* refers to funeral duties, *ara tiroa* involves feeding of guests and *are vananga* refers to the construction or renovation of public buildings as training grounds for individuals to congregate, learn and reciprocate services made to one another and the community.

It is the means of the reconstruction of knowledge built into the physical (building) nexus as an expression of belonging and sharing of knowledge. "*Are* means house and *vananga* means knowledge" (p. 292). It could be also referred to as the 'house' of 'knowledge'.

First Contact

The first European to sight Pukapuka in the Northern group was Captain Alvarano de Mendana of Spain in 1595 who named the island *San Bernardo* (Saint Bernard). The next recorded sighting of a Northern group island was in 1606 when Pedro Fernandez de Quirós landed on Rakahanga to gather provisions. He named the island *Gente Hermosa* (Beautiful People).

Communities were usually established near places where there was water, good soil for planting and well secured to defend when there was an attack (Rere, 1991). Captain James Cook of the British Royal Navy was the first to explore the southern group of islands.

In 1773, Cook sighted Manuae Atoll and named it *Hervey's Island* in honour of a British Lord of the Admiralty at the time. In 1824 the islands were renamed the *Cook Islands* by the Russian cartographer, Admiral Adam Johann von Krusenstern in honour of Captain Cook (Dixon & Parima, 1993; History of the Cook Islands, n.d.; Puna, 2008; Rere, 1991). In the 1700s, an intense rivalry between the French and British maritime powers for dominance of the Pacific reached its peak (History of the Cook Islands, n.d.) In these years also the population of the outer islands was decimated by a particularly brutal Peruvian slave trade.

Following an armed takeover of Tahiti and the Society Islands by the French in the mid 1800's, the Cook Islands Ariki requested the British for protection in 1863 and again in 1865 should the Cooks be attacked by the French (Gilson, 1980; Web, 2013). These actions by the Ariki demonstrated their strength, political acumen and leadership. In 1881, the Ariki of Rarotonga signed a petition seeking British protection against what they believed to be an imminent French invasion. Their wish was for the Cook Islands to remain as a British Protectorate, along with New Zealand (CPR, 1998; Gilson, 1980). This petition was accepted and in 1888, and the Cook Islands became a British protectorate. Despite strong objections by the Ariki to remain a "self-governing community under the British Crown" (MFAI, 1998, p. 16) the Parliament of New Zealand approved the annexation of the Cook Islands in 1900.

In 1901, the Cook Islands became New Zealand's first South Pacific Island colony. As reported, the "deed of cession was signed by five *Ariki* and seven lesser chiefs without debate" (Web, 2013, p. 4). A New Zealand Resident Commissioner (NZRC) was appointed, and by 1909 the New Zealand's "Minister of Island Territories assumed almost complete responsibility for the administration of the Cook Islands" (MFAI, 1998, p. 16). This system remained until self-government was achieved in 1962.

The road to self-government

Frederick Moss, the British Resident Commissioner, (a New Zealand politician paid by New Zealand) established the first "provisional Rarotonga Legislature or General Council" (MFAI, 1998, p. 16; Web, 2013, p. 3) in 1891 on Rarotonga. It was the first time the Cook Islands had been governed under a single jurisdiction (Web, 2013).

The idea of a unified government was extended to include the six *Ariki* of Rarotonga and four *Ariki* of the southern group islands who came together to form the first Federal Legislature in 1901 (MFAI, 1998). The "Federal Government was a combination of ex-officio chiefs and elected members, with the British Resident as President" (MFAI, 1998, p. 18). Notably, the Island Councils (IC) held their place in the Legislative Council which emerged later as the Legislative Assembly then on to Parliament. However, the evolution of the place of the Ariki and the Ariki systems varied ever since the first legislative was formed.

From Legislative Council (LC) to Legislative Assembly, to full Parliament

The first Legislative Council of the Cook Islands established in 1946 comprised 20 members, ten appointed by the Resident Commissioner (New Zealand) and ten drawn from the Island Councils. The New Zealand Resident Commissioner was the Chairperson. In 1957, the Legislative Council was reorganised as the Legislative Assembly (LA) with 22 elected members and a reduction of appointed officers from 11 to 5 (CPR, 1998). Fifteen members were elected directly by secret ballot and seven by the Island Councils.

The new Legislative Assembly was given full control of its budget in 1962. It also played a major role in the national debate regarding self-government with New Zealand. In 1965, the Legislative Assembly gained full legislative power, except for Foreign Affairs and Defence which remained with the Government of New Zealand. The Legislative Assembly was renamed the Parliament of the Cook Islands in 1981.

Self-government in free association with New Zealand

In 1960, the United Nations General Assembly [UNGA] passed Resolution 1514 (XV) which called for all member nations to review their constitutions concerning their colonies (MFAI, 1998). New Zealand supported this resolution. The declaration stated "all peoples have the right to self-determination; by virtue of that right they freely pursue their economic, social and cultural development" (XV). Clause (e) in the United Nations (UN) Charter, Article 73 noted the aim that "all Non-Self Governing Territories reach a full measure of self-government by 1) emergence as a sovereign independent state, 2) free association with an independent State, or 3) integration with an independent State" (MFAI, 1998, p. 16).

In the years 1962 and 1964 the Cook Islands Legislative Assembly discussed four options offered by the Government of New Zealand to: 1) gain complete independence, 2) gain full internal self-government, 3) integrate with New Zealand, and 4) integrate into a Polynesian Federation, if in the future such a Federation does form (CPR, 1998; MFAI, 1998). The Legislative Assembly agreed to the second option, and this was formalised in the Cook Islands *Constitution Act 1964* to come into force after the 1965 elections (CPR, 1998, p. 18).

Under this arrangement, the Cook Islands controlled all aspects of government including policy decision – making and the legislative function. However, defence (security) and to some extent, foreign affairs remained in the hands of the New Zealand Government to assist 'at the request' of the Cook Islands Government (Hayes, 2010; MFAI, 1998). As outlined, the 'special relationship' between the two countries preserved the Cook Island people's desire to 'lead a life of their own' and to honour and "safeguard the values of which its citizenship is based" (MFAI, 1998, p. 53).

The first national election was held on 20th April 1965 and the first Legislative Assembly was formed soon after on 10 May 1965. On 4th August, 1965 the Cook Islands gained self-government. Since 1984 there have been 24 seats in the Cook Islands Parliament and elections are held every four years (CPR, 1998). The one party system of the earlier years has been replaced by a two party system.

The government systems

In order to understand the nature of the task facing the introduction of NPM, it is essential to outline the government systems set up when self-government was attained.

Westminster systems and democratic processes

As with other decolonised Commonwealth countries the Westminster system of government was established (Crocombe & Crocombe, 1997; Ingram, 1992). This government system was characterised by the three branches of Legislature, Executive Government, and the Judiciary (see Figure 4). It was a highly centralised political and administrative system (Wettenhall, 1976).

The function of the legislature was to examine debate and vote on Bills, and with the assent of the Queen's Representative (QR) these become Acts.

The Executive Government on the other hand decides policy issues, draft bills, enforce and administer laws (Acts) whereas the Judiciary hears and decides on cases by applying relevant laws. Under the Executive Branch is the mainstream civil service controlled by a Minister as seen in Figure 4.

Figure 4. The three Branches of Government

Source: Adopted from: The New Zealand Legal System; http://www.justice.govt.nz/publications/global-publications/n/the-new-zealand-legal-system

Prior to the 1995-6 Public Sector reform, all personnel appointments, promotions and dismissals were centralised and overseen by the Office of the Public Service Commissioner [PSCer], but at the discretion of Cabinet. All financial management responsibilities were controlled by the Ministry of Finance and Planning on Rarotonga, under a Minister. All personnel, financial management, asset management and resources were controlled by the executive government (Cabinet). In the reform these functions have changed with the devolution of responsibilities to government agencies and the outer islands.

Island Councils

Island Government operations are directly funded from Rarotonga (Government of the Cook Islands, 2009a). Each island has an Island secretary paid as a contract employee from the Island Administration budget. The Island Secretaries also control their budgets.

The Island Councils were established under the Island Council Act 1969 and later re-established under the Island Government Act 1987. Their responsibilities are to regulate island by-laws and develop domestic policies.

Membership of the Island Councils include the Mayor, Members of the Island Council, Member(s) of Parliament (MPs), Government Representatives (GRs) and the Ariki. The MP(s), GRs, and the Ariki are ex-officio: they can contribute to discussions but have no voting rights. The Island Councillors are paid from their budgets. An Ariki may receive some funding from the House of Ariki budget of $110,000 per annum (Government of the Cook Islands, 2009a). The budget of the Ariki is controlled by the President of the House of Ariki who resides in Rarotonga. MPs are paid from the civil list by Parliament and the GRs are paid from the Prime Minister's budget allocation. After the 1995/96 reforms, several attempts were made to draft a new island government legislation but this did not eventuate until 2012.

The Ariki and Koutu Nui

The place of the Ariki has varied in the emerging formal government processes. For example, the Ariki were recognised (with legislative powers) in the provisional Rarotonga Legislature established in 1888 but not in subsequent legislative provisions that recognised the newly formed Island Councils. The Ariki remain in the island councils as ex-officio members, with no legislative powers. The Constitution provided for a House of Ariki comprising up to 24 members (originally 14) of Paramount Chiefs. The House of Ariki was an advisory group, to:

> . . . consider such matters relative to the welfare of people of the Cook Islands as may be submitted to it by (Parliament) for its consideration and it shall express its opinion and make recommendations thereon to (Parliament).(CCI, 1965, Articles, 8 & 9).

Then in 1972, the Koutu Nui was established, comprising head-chiefs. Altogether there are 36 members of the Koutu Nui. The reasons given for the establishment of Koutu Nui ranges from political manipulation of culture (Ingram, 1992; Mason, 2003) to lack of recognition of the different structures on various islands (Henry, 1992), and the deliberate marginalisation of the traditional leaders to quarantine them in an institution to 'keep an eye' on them (Crocombe & Jonassen, 2004). Similar to the role of the Ariki, the function of the Koutu Nui was to safeguard the traditions and customs of the Cook Islands. Its other function was to "assist in projects, on any island or district thereof. . . " (House of Ariki Amendment Act, 1972, cl.23).

The main difference is the reporting requirements whereby, the House of Ariki reports to Parliament whereas the Koutu Nui reports to either the President of the House of Ariki or the Executive Government through the Office of the Prime Minister (House of Ariki Amendment Act, 1972). As indicated earlier, there are contrasting views on the place of the Ariki and the Koutu Nui in governance (Crocombe & Jonassen, 2004; Ingram, 1992).

Aukura Ariki notes the words of Sir Albert Henry, the first Prime Minister of the Cook Islands, that:

> The Ariki were the Cook Islands Royal Heritage. The Ariki and the tribe are the backbones of all nations of the world. For any nation to allow this backbone to be broken or to disappear would mean that they are relying upon foreign backbone for their survival (Aukura Ariki, 2009, p. 1).

In Henry's (Tepui) view, the Cook Islands Party established the House of Ariki in 1966 and the Koutu Nui in 1972 because there had been no mention of the powers of the Ariki in the Cook Islands 1915 Act. The only exceptions were references made to the recognition of "customary land" (s.426) and "native customs" (s.422) under Part XII, Sections 417- 444 of the Act (Cook Islands Act, (NZ) 1915).   In sum, the 1915 Act did not define "native custom" but rather left the legislation in ambiguity – open to interpretation (Henry, 1992). By way of contrast, Aukura Ariki cites the views of the late Professor Ron Crocombe and Professor Jon Jonassen (2004) that:

> The House of Ariki was created to marginalise the Ariki. Most of them had opposed the party that won the election at Self-government, so it created and quarantined them in the House with dignity but no power (Aukura Ariki, 2009, p. 1).

A former prime minister, Dr Thomas Davis criticised both the establishment of the House of Ariki and the Koutu Nui (Henry, 1992). In response, Tepui Henry - a former Minister of the Crown and the eldest son of the first Prime Minister of the Cook Islands published a letter in the Cook Island News in March 1992 stating that the respect and the authority of the traditional leaders had not diminished by these actions. In his view, the House of Ariki and Koutu Nui had been deliberately set up to involve the Ariki, Mataiapo, Kavana and Rangatira in decision – making.

Tepui saw this as a 'unifying' step and necessary given the differences by island group in the protocols and the composition of traditional leaders in decision – making as discussed earlier. As noted, these different layers of government to be realigned in the restructuring - both across the two levels of government – and in line with the 'governance model' where civil society and traditional systems were to be incorporated.

External relations

Since self-government, the Cook Islands Government has cemented its place in the international community, and today it has consular or diplomatic relations with 41 countries in addition to New Zealand (Ministry of Foreign Affairs & Immigration, n.d.) Although New Zealand has undoubtedly influenced the Cook Islands' domestic and foreign policies (MFAI, 1998; Smith, 2010), much of the Cook Islands' foreign policies and international relationships have been developed independently with the full consent of the Government of New Zealand (Smith, 2010; Tierney, 2012).

Over the last 47 years, New Zealand remains the Cook Islands major bilateral partner and donor and, there has been an increased in multilateral relationships between the Cook Islands, New Zealand, Australia, European Union, China and other countries. The Cook Islands has also gained membership as a 'self-governing' state to recognised regional and international organisations such as the United Nations Educational, Scientific and Cultural Organisation (UNESCO), the World Health Organisation (WHO) and regional organisations such as the Pacific Islands Forum (PIF) and the Secretariat of the South Pacific (SPC). The Cook Islands through New Zealand is also a party to, and reports back on global UN conventions such as CEDAW, the CRC and the MDGS.

Part 2:   New Public Management (NPM) Reforms

The new public management (NPM) reform, also referred to in government documents as Economic Reform Program (ERP), was introduced between 1995 and 1997 (Wichman, 2008). International agencies who influenced the Cook Islands Government, and oversaw the introduction of the NPM system were a) New Zealand

Official Development Assistance (NZODA), b) Asian Development Bank (ADB), c) Pacific Forum Technical Assistance Centre (PFTAC), d) Economic and Social Commission for Asia and the Pacific (ESCAP), and e) ESCAP Pacific Operations Centre (EPOC) (see ADB, 2002a, pp. 36-41).

At that time, the Cook Islands was experiencing a period of serious economic crisis due to government's over borrowing, and poor fiscal management set against the general global economic downturns of the mid-1990s (ADB, 2002a). These reforms were similar to the sweeping changes that occurred under the World Bank structural adjustment programme worldwide (Alexeyeff, 2008; Knapman & Saldanha, 1999). Similar reforms also took place across the Pacific, including Papua New Guinea, Samoa and Fiji.

The NPM regime is a neoliberal concept that emphasised market – driven government, a reduction in the role of the state, the separation of decision-making powers from implementation and the devolution of powers to where policies are implemented (Borins, 1995) – which in this case was the Island Government level (National Sustainable Plan (NSDP), 2007). These reform measures were to ensure national solvency and at the same time maintain the standard and quality of life.

At the time of the reform, the Cook Islands public service was highly centralised and managed by the Executive Government (Ministers) and Permanent Secretaries, located in the capital of Rarotonga (Wettenhall, 1976). Almost all public goods and services were provided and delivered by government agencies from the capital of Rarotonga. The Government was the major employer: there were 52 departments and government agencies, employing over 3,002 people servicing a population of 19,103 (Asian Development Bank (ADB), 2002a).

The chronological events of the reforms have been recorded in the ADB (2002a) report (pages 36-41). The reforms included the decommissioning of the Cook Islands currency, and the restructuring of government ministries and agencies following the enactment of five significant pieces of legislation; the Public Service Act, 1996-97, the Ministry of Finance and Economic Management Act, 1996-97, the Public Expenditure

Review Committee and Audit Act, 1996-97, Value Added Tax Act, 1997 and the Income Tax Act, 1997. At the later stage of the reforms, other new legislation was introduced.

These, and other reform measures that took place between 1996 and 1997 are examined in Chapter 3, including a review of some of the incremental changes that took place during the 2006-2012 period.

Part 3: Current Social and Economic Indicators

Table 1 sets the framework for this discussion. The demographic picture highlights: the youthful nature of the population for which services must be provided; rapid urbanisation, the depopulation of the outer islands, and the extensive migration rate. A net loss of 2,600 people was recorded between 1997 and 1998 (the ERP period).

In September 2010, the Statistical Quarter Bulletin (SQB) report showed a population figure of 11, 400; the lowest population recorded since 1936 (CISO, 2010, Table1.1).

Estimates are that the Cook Islands population residing outside the country was 78,000, mainly in New Zealand, Australia and the United States (New Zealand Ministry of Foreign Affairs & Trade Aid Programme, 2010/2011). For example, in 2006 the New Zealand's population census recorded 58,011 people of Cook Islands descent living in New Zealand (Statistics New Zealand (SNZ) , 2007). Table 1 provides the latest available statistical data for the Cook Islands from 2006-2012 (being the period of this study).

Economic Indicators

The 2004 United Nations Development Programme (UNDP) National report, and the 2008 ADB report suggested the Cook Islands enjoyed a high standard of living compared to other Pacific Island and Developing Countries (ADB, 2008c p. xxvii; UNDP, 2004). In 1999 the Cook Islands Human Development Index (HDI) stood at 0.985 (Knapman & Saldanha, 1999) then dropped to 0.837 in 2009; one of the highest in the South Pacific region (United Nations International Children's Emergency Fund (UNICEF), 2004).

The Cook Islands was also ranked as an upper-middle income country among the 14 United Nations program countries in 2007. Statistical data over the six years period (2006-2012) saw positive outcomes in terms of economic growth, increased tourist numbers, increased budget figures, increased level of GDP per capita and an improvement in average income level (see Table 2).

The positive outcomes were mostly attributed to the ERP (ADB, 2008c). However, it must be also noted that the easy access to the large New Zealand and Australian labour markets provided better employment opportunities and higher wages which were in time remitted back to the Cook Islands (ADB, 2002a; ADB, 2008c p. 6; Knapman & Saldanha, 1999; UNICEF, 2004). These opportunities encourage outmigration. In 2008, an international credit rating agency, Standard & Poors' (S&P) assessment of the Cook Islands placed it in the BB-/Positive category (S&P, 2008, p. 13). The rating placed the Cook Islands in a creditable position as a sovereign state in the global economy. This analogy corresponds to empirical evidence that suggests "self-governing states that attach themselves to their former cosmopolitan powers tend to have a better standard of living in comparison to countries that gained full independence" (Bertram, 1999a, p. 114; Fraenkel, 2006, p. 15).

While the national income per capita is higher than many of its Pacific neighbours, the cost of living is also high, more particularly for those living in the outer islands.

The estimated cost of goods in the outer islands is said to be twice more expensive than goods purchased in Rarotonga (Knapman & Saldanha, 1999). However, this cost has not been officially measured. The official Consumer Price Index (CPI) figures fluctuated between 2% to 7% on the average per annum. For example, CPI in 2006 was 4.43%. This had increased to 6.9% in 2008 (CISO, 2010).

In 2003, the economic growth was measured at 5.7% per annum (Sharma, 2008). As seen in Table 1 foreign aid to the Cook Islands formed a significant part of the national budget. For example, in 2011/2012 Supplementary Budget, over $44.932 million in aid was allocated and between 2008/9 period the ratio of the Official Development Assistance (ODA) to the GDP was 8.9% (Government of the Cook Islands, 2009b).

Table 1. Demographic Dynamics and Economic Indicators

Indicator	Value	Year & Source
Demographic dynamics		
Resident population last census	15,324	2006(1)
Current resident population estimate	15,576	2011(1)
Net migration rate (%)*	-0.6	2011(1)
Life expectancy at birth (M/F)	69.5/76.2	2001-06(1)
Population by age: 0-14 (%)	27.3	2011(1)
Population by age 15-59 (%)	60.5	2011(1)
Population by age 60 and over (%)	12.1	2011(1)
Urban/rural population distribution (%)	72/28	2011(1)
Economic		
Human Development Index (HDI)	0.837	2009(2)
GNI per capita ($US)	9,986	2007(4)
Population below the national poverty line (%)	28.4	2008(3)
Unemployment rate (%)	8.2%	2006 (5)
Official Development Assistance (ODA) Aid	$44.932m	2011/12 (7)
Gross average annual income from all sources Males $16,848 Females $13,423	$15,028	2006 (5)
Education		
Literacy Rate for youth (15-24 years)	93%	2006(8)
Ratio of girls to boys enrolled in:		
Primary	0.96	2009(3)
Secondary	0.96	2009(3)
Tertiary	na	--
Women in National Parliament	12.4%	2008(3)

Sources: (1) SPC data sheet 2011; (2) Cook Islands Institute of Public Policy: http://pacificpolicy.org/blog/2011/02/07/cook-islands/; (3) MDG Report; (4) ADB (5) 2011 Census (http://www.adb.org/statistics/pdf/basicstatistics-2011.xls); (6) Cook Islands Statistics Office: (http://www.stats.govt.ck/statistics/economic/national%20account/GDP%20Tables.xls); (7) Cook Islands Statistics Office, Population Estimates and Vital Statistics (http://www.stats.govt.ck).(7); Cook Islands: Ministry of Finance 2011/12 Supplementary Budget (ODA)(http://www.mfem.gov.ck/component/article/55-development/general/13/128-aid-; (8)Source: Cook Islands MDG Report 2005, Cook Islands Government 2006.cf: Cook Islands NSDP 2006-2010, p.16.

Table 2 provides some positive economic growth indicators more particularly the significant increase in tourism numbers. Shown also is the huge reduction in government employment which is a direct outcome of the NPM reforms (almost halved in the years 1996-2010) alongside the spiralling increase in those employed in the private sector (from 1,560 to 5,200). When set against Table 1 data, the emerging picture is not so rosy. For example, Table 1 shows an unemployment rate of 8.9% in 2006: this had decreased slightly to 8.2% in 2010 (CISO, 2006a, 2006b; 2006c, 2010). Given that there have been a net loss of 20-90 people per month between 2006 and 2012, unemployment rate would be expected to be lower. But in the absence of data on the nature of migrants this proposition is debateable.

An ADB report noted the average national income in 2012 was $25,348 per annum compared to $10,992 in 1996. Noticeably, there was a sharp increase in average income from $15,028 in 2011 to $25,348 in 2012; an increase of over 41% (Table 2). This was attributed to an increasing demand for skilled workers with higher rewards; an increased in contract salaries for Heads of Ministries and Government Agencies, and the practice of performance bonuses for civil servants was implemented (Reeves, 2012a).

Table 2. Tourism Numbers, Resident Population, Employment & Economic Indicators in 1996 and from 2006-2012 Period

Period	Tourism Numbers Arrival	Resident Population	No of people Employed			National Budget NZ$m	GDP Current Prices US$m	GDP per Capita	Average Income Level
			Govt.	Private	Total				
1996	54,286	19,103	3,002	1,560	5,230	42.0	127.0	7,857	10,992
2006	104,422	14,800	1,868	4,928	6,794	92.3	289.7	12,223	15,059
2007	109,431	15,576#	n/a	n/a	n/a	92.8	310.2	14,979	n/a
2008	106,521	14,200	1,806	n/a	n/a	95.7	332.1	16,324	n/a
2009	112,078	12,000#	1,787	n/a	n/a	124.4#	330.5	21,441	n/a
2010	115,090	11,400	1,735	4,193	5,928	112.5	334.8	14,188	n/a
2011	124,963	10,800	1,738	5,200	6,938	178.3	286.3	16,705*	15,028
2012	133,807	13,700	n/a	n/a	n/a	179.1	307.4	21,497*	25,348#

Source: Cook Islands Statistics Office 2012 & extracts from http://www.dfat.gov.au/geo/fs/cook.pdf
Key: * = estimate figure: n/a = not available: # = an increase of over 41% of average income from 2011-12.

Social Indicators

Education is universal through to secondary schooling and tertiary study is also available through the University of the South Pacific (USP) Extension Studies in Rarotonga and scholarships to Fiji and New Zealand. As in Table 1 access to education and health services is almost 100% (NMDG, 2009b). Adult (15-25 years) literacy rate stood at 99% in 2001 and the ratio of girls to boys in both primary and secondary schools in 2009 was 96%. The Cook Island schools closely follow the New Zealand education system. The Curriculum was modified in the Education Master Plan 2008-2023. The aim was to tailor a curriculum that was relevant to the country's needs and to ensure "equitable access and meeting quality standards" (Cook Islands Government, 2008, p. 12; also see Ministry of Education, 2008).

After the reforms, it was felt that whilst the New Zealand standard provided the means for Cook Islands' children to access tertiary study overseas, that model did not incorporate the Cook Islands' epistemology into the curriculum, and therefore changes were made (Puna, 2008).

Issues

A number of challenges to achieving equitable access to quality of life for all are emerging. Some directly relate back to the reforms, such as the downsizing of the public sector.

Livelihood Security

The flow on effect from the significant rates of unemployment (Table 1) is poverty and the effect of poverty. The 2009 Cook Islands Millennium Development Goal (MDG) Report showed 28.4% of the population were classified as living under the national poverty line: that 15% of the resident population available for work, reported they had no income and, 21% reported an income less than $5,000 per annum (Koteka & Wichman, 2010). Table 1 (p.12) of the MDG report drew attention to the wide disparity in income which was emerging nationally, by region and by gender. For example, in 2006 less than 5% of those employed earned over $40,000 a year. By area, 20% (one in five) of the southern group population who were available for work earned no income as compared to 27% (one in four) of those in the northern group islands. Those living in Rarotonga were in a slightly better position with 12% (one in eight), noting they had no income (Wright-Koteka & Wichman, 2010). It has also been noted that women earn less income than men (National Millenium Development Goal (NMDG), 2009b).

While the family and the customary lands continue to provide the necessity to support vulnerable members of society, the Cook Islands also has a social welfare benefit scheme. This scheme includes child benefits, old age pension, payments to the destitute and infirm, superannuation, and war pensions. These benefits are at a much lower rate than the New Zealand schemes (Hayes, 2010).

In 2009 "nearly 1 in 3 persons 15 years and older received at least one social benefit totalling 10,623 persons" (Wright-Koteka & Wichman, 2010, p. 13). These benefits are a significant source of income, especially in the outer islands where there are a few cash earning options (ADB, 2002a).

Migration

The 1995-6 Public Sector reform triggered off mass migration overseas which has continued (see ADB, 2002a, p. 1; SPC, 2011, p. 1; Sharma, 2008). Some studies suggest that "the extensive migration of skilled personnel have been balanced by a considerable degree of return migration" (Hooker & Varcoe, 1999, p. 12) whose new knowledge and skills are contributing to national development (Connell & Brown, 2005; Hooker & Varcoe, 1999). But the vacuum in the labour force also enabled cheap labour to be imported mostly from the Philippines and Fiji, replacing Cook Islanders. No studies have been conducted to weigh the social and economic impact, it has on the Cook Islands. Other studies reported that the *brain drain* of Cook Islanders has slowed down development, especially in the outer islands (ADB, 2002a). This contributed to an imbalance in human capacity, lack of employment opportunities, and disparity in income levels between the regions. As expected these disparities have been compensated by remittances to the islands from migrant workers (see Fraenkel, 2006, p. 15). This claim was supported by Brown, et al., (2011) who proposed that large amounts of remittances have been transferred to the Cook Islands but these amounts may not have been adequately recorded in government accounts.

Rapid urbanisation to Rarotonga is also seeing the significant depopulation of the outer islands raising questions of their viability – socially, economically, politically and with respect to the preservation and use of natural resources.

Ariki

The place of the Ariki (traditional chiefly based systems) in national decision-making and national to global discussion is a highly contentious issue, especially when it is set in the global indigenous and sovereignty debates.

On 12 June 2008 news reached the media and the Cook Islands Government that a group of Ariki were in the process of overthrowing the elected Government to claim sovereignty over the whole of the Cook Islands (Aukura Ariki, 2009; Moeka'a, n.d.).

The rebellion was instigated by a New Zealand Maori activist, Bruce Mita who convinced some Ariki to lay claim to the sovereignty over the Cook Islands. The dissident Ariki were concerned about the increasing interest of foreign multi-national companies holding preliminary discussions with politicians and Government officers on the possibility of deep-sea mining of the manganese nodules in the Cook Islands Exclusive Economic Zones (EEZ) (Aukura Ariki, 2009; Moeka'a, n.d.).

The concept was for the Ariki to overthrow the elected Government and to gain control over the 200 mile Exclusive Economic Zone (EEZ) so the Ariki could trade in future stock without harming the environment from seabed mining (Moeka'a, n.d.).

The Ariki were also concerned about poor policy decisions and the poor record of government's fiscal management over the years that led to serious hardships on families in the past, so they strongly opposed deep-sea mining in the Cook Islands.

In a letter to the Cook Islands Herald a spokesperson for the dissident Ariki group, Vaeruanga Te Aukura Ariki of Ureia, from the island of Aitutaki explained the reason for the declaration:

> Te Ui Ariki Ngateitei o te Kuki Airani, and the House of Ariki have both stated categorically, and have advised the government, DO NOT TOUCH THE MOANA! Still, the Cook Islands Government, choose to ignore that counsel and continue their drive towards prospective mining of the resource (Aukura Ariki, 2009, p. 1).

According to media reports the 'declaration' was made on 12 June, 2008 at *Taputaputea;* the grounds of the Principal Chief [3] *Makea Nui Ariki*. At the time of the declaration the *Makea Nui Ariki* title was in dispute. Two subdural chiefs of Te Aotonga, *Vakatini Ariki* and *Karika Ariki* were part of the dissident Ariki who made the proclamation. Under law (Constitution of the Cook Islands, 1965; HoA Act, 1966), the Ariki had taken an oath and their allegiance was to Queen Elizabeth 11.

This proclamation meant the dissident Ariki had breached state laws and protocols and they could be removed from office, or worse still, be charged for treason.

However, government decided not to lay charges against the dissident Ariki but to persuade them to apologise to the Queen's Representative (QR), and to return to office. They did so, and the tension was diffused.

For the first time since internal self-government, the Cook Islands experienced mutiny by a group of Ariki, led by a radical New Zealand Maori activist, Bruce Mita (Aukura Ariki, 2009).

Conclusion

This chapter presented a brief review of the research context - the people, land and aspirations - from the early days to the contact era and through to the gaining of self-government and restructuring to the present. Some of the expectations which took place in the developing institutions and processes which would need to be taken account of in the NPM system and governance processes.

The highlighted institutions include those of government agencies, the legal and the judiciary systems, the Island Councils, civil society and the Ariki. A brief account of the introduction of NPM was given (which is fully outlined in Chapter 3) as well as the influence of the Cook Islands-New Zealand special relationship which influenced the reform model introduced.

Noted also was that while national data suggests the success of the NPM other less beneficial outcomes include a widening disparity in income distribution, increased poverty, a significant level of outmigration of the country's productive population and a rebellion by the traditional power holders (the Ariki) against the government (formal structure).

Chapter 3 LITERATURE REVIEW

The literature review is divided into four parts. The first part of this chapter reviews new public management (NPM), which is a new model of governance introduced in the mid-1990s. The review focuses on the origins of NPM, the theoretical basis from which NPM evolved, and the factors that influenced public sector reforms at the domestic level as well as the rationale for its application worldwide.

The next section of the literature review explores New Zealand's reform and the 'special relationship' that existed between New Zealand and the Cook Islands. This unique relationship influenced the type of public sector reform that took place in the mid-1990's of which the outcomes between 2006 and 2012 are being investigated.

The third section reviews public sector reforms in two OECD countries, namely Japan and Denmark. The selection of these two countries was based on their diversity – that is, one is an advanced industrial state with strong cultural tradition in Asia and the other is a northern European country with a strong corporate culture. Both countries undertook public sector reforms in different ways.

Section four review explores public sector reforms in the four Commonwealth Caribbean Countries (CCC). The choice for the selection of these small island developing states (SIDS) was because of their similarities and diversity in terms of government systems, cultural differences, being small-island developing states and the type of influences that impact their reforms as compared with the Cook Islands reforms are explored.

Part 1:   The Origins of New Public Management

Part 1 of the literature review examines the origins and the theoretical basis from which new public management (NPM) originates. The review then examines each of the theories and concepts that form part of NPM. These theories and concepts are: public choice theory, principle – agency theory, transaction cost economics theory and managerialism.

New Public Management (NPM) originated from the United States of America (USA). In the late 19th century the political system of the USA was dominated by [political] parties which gave administrative positions to their members" (Gruening 1998, p.7). After an election, administrative personnel would change when the opposition came to power.

To reward party supporters, "public purse was frequently plundered" (Gruening, 2001, p. 5), which led to incompetency, inefficiency and corruption in the bureaucratic system (Van Riper 1987; Stone and Stone 1975; Schachter 1989). Under such conditions, discontentment eventually led to the reform movement of what was then known as the 'progressives' (Waldo, 1948). Five known leaders of the progressive movement were Robert La Follette, Hiram Johnson, William U'Ren, Theodore Roosevelt and Woodrow Wilson. Roosevelt and Wilson later became the 26th and 28th Presidents of the United States of America respectively.

This movement was successful in the establishment of career public service[4], the introduction of line budget items, and the separation of public administration from politics was introduced in a bid to reduce political manipulation and corruption (Lee, 1995; Eisenach, 1994; Waldo, 1948). The ideas of the progressives were mainly influenced by Frederick Taylor's (1911) scientific management theory with the element of efficiency in Taylor's ideas as the answer to addressing the issues of corruption and incompetence in the public service (Costantinos, 2011; Gruening, 1998). The objective of the progressives was to: 1) separate administration from politics, 2) establish a career public service, 3) install the principles of tenure, neutrality and competency in the public service, 4) pressed for lesser state dominance, 5) reduce party politics in the bureaucracy, and 6) the removal of corruption.

The 'progressives' were said to be the first to invent the Planning Process and Budgetary System (PPBS), which was based on microeconomic decision techniques, in the belief that these techniques could lead to optimising state functions (Eisenach, 1994; Lee, 1995; Waldo, 1948). They were said to be the first to use performance indicators as a benchmark for efficiency (Schachter, 1989). The implementation of PPBS did not eventuate as intended and was discarded in 1972 (Schick, 1973).

Nevertheless, terminologies such as inputs, outputs, results, and programmes were developed during the progressive era (Schick, 1969; Greenhouse, 1966).

The remnants of the progressives have been entrenched in the present day management literature and practices which later gave rise to NPM "in the late 1970s and early eighties" (Gruening, 1998, p.3).

Theoretical Origins of NPM

The theoretical origins of NPM can be traced back to different sources and consisted of several theories (Fox & Miller, 1995) and different concepts (La Porte, 1971) that evolved since the days of the 'progressives' (Gruening, 2001; Kramer, 1987; Lynn, 1996). Simonet (2003) described NPM as "a theoretical construction with diverse intellectual roots" (p.815). The NPM paradigm originates from two "different streams of ideas" (Aucoin, 1990, p. 115; Gruening, 2001, p. 1; Yamamoto, 2003, p. 6) which constitute 'institutional economics' (Buchanan & Tullock, 1962; Fox & Miller, 1995) and managerialism (Aucoin, 1990; Boston, et al., 1996; Pollitt, 1999).

The theories that comprise institutional economics are public choice theory (Buchanan & Tullock, 1962; Downs, 1968; Niskanen, 1971), principle-agency theory (Arrow, 1985; Frauendorf, 2008; Moe, 1994; Rees, 1991), and transaction-cost economics (Coase, 1937; Williamson, 1975, 1985, 1991) whereas, managerialism emanates from business administration principles in the private sector (Boston, et al.,1991; 1996). Its origin stems from Frederick Taylor's (1911) scientific theory of management. New public management has merged institutional economic theories (Buchanan & Tullock, 1962; Downs, 1968; Niskanen, 1971) with managerialism (Aucoin, 1990; Boston, et al., 1996; Osborne & Gaebler, 1992; Pollitt, 1999). The following are the central theories and concepts that influenced NPM reforms on a global scale and in the Cook Islands.

Public Choice Theory

In broad terms, public choice theory is concerned with individual liberty (Buchanan, 1986). The concept is based on the assumption that all human behaviour is controlled by self-interest (Boston et al., 1991); that individuals are 'self – actualisers' (Maslow,

1943) and will maximise opportunities, so they should be placed in the centre of management (McGragor, 1973). The underlying assumption was that individuals pursue their own aims and act according to their knowledge and preference.

The aims of the Public choice theory were to reduce the role of the state, curb discretionary powers of politicians, reduce state owned monopolies, reduce the functions of government agencies, and give more "freedom of choice to individuals" (Boston, et al., 1991, p.2) to develop themselves. Public choice theorists also advocate the separation of policy function from policy implementation (to avoid a conflict of interest situation), and where possible, to outsource the supply of public goods and services on a contestable basis.

Principal-Agency Theory (Agency Theory)

The early work of Coase, Alchian, and Demsetz have formed the foundation of Principal–Agency Theory (Fama, 1980; Fama & Jensen, 1983; Jensen & Meckling, 1976; Rees, 1985). The Principal-Agency theory is based on the belief that socio-political activities could be understood from a series of interrelationships between two or more parties – that is, the 'principal' and the 'agent' (Boston et al., 1991; Fama & Jensen, 1983). Principal-Agency theory is concerned with the contractual arrangements or obligations between the principal (e.g., central government) and the agency (e.g., municipal/local government) to purchase inputs, manage processes, produce outputs, and achieve outcomes (Pratt & Zeckhauser, 1994; Rees, 1985).

There was an assumption that both the principal and the agent have equal power and no other factors would influence their relationships with this theory. In this relationship, the principal monitors the arrangement and rewards the agent according to the contractual obligations entered into, as long as the agent fulfils part of the bargain as agreed.

Transaction-Cost Theory

Transaction Cost theory originates from Ronald Coase, a British economist in 1937. In his brief essay entitled, "The Nature of the Firm (1937)", Coase attempted to explain

the reason behind the emergence of business firms instead of independent, self-employed individuals, who could contract with one another; given that production could be carried on without any organisation such as business firms.

Ronald Coase (1937) asked a fundamental question, why and under what conditions should we expect firms to emerge? His logical explanation was related to the internal and external cost of doing business, that is, when there is an exchange of goods and services between individuals and/or between business firms there is cost involved in the transaction.

As explained by Williamson (1996), "[a] transaction [cost] occurs when a good or service is transferred across a technologically separable interface" (p.379). It is an economic activity between the supplier (vendor) and the buyer (customer) that creates the transaction, which is embedded in costs to the parties concerned (Frauendorf, 2008). The theory went further to explain the rationale for the expansion and the contraction of an economic organisation (such as a business firm or a government agency); that is, when internal transaction costs in a firm is greater, the firm outsource materials and services from suppliers outside whereas, when internal transaction cost is lower than those outside of its environment, the firm will expand its operations.

Arrow (1969) defined transaction cost as the "costs of running the economic system" (p.48). Transaction cost theory is concerned with avenues for markets and hierarchy to engage in production (Williamson, 1975; 1985; 1991. Bale and Dale (1998) suggested that transactions with clearly measured qualities and quantities would be well contested in the market and therefore, they could be contracted out in the open market. Whereas, transactions with high uncertainty would be better suited to hierarchical or rule-based organizations.

This follows the logical assumption that the mode of public goods production and services delivery can only be determined by: 1) proximity (remoteness or nearest) to the open market, which could determine price, 2) inability of the private sector to invest due to high security risks, or 3) unwillingness of firms to invest because of social, political, and/or economic uncertainty that would impact on return on investment, so

the state should intervene in such undertakings. The intention was to shape the public sector in the best possible way to serve its purpose of governing.

Williamson (1981) provided five criteria of transaction cost theory, which are: 'uncertainty', 'small numbers bargaining', 'asset specificity', 'bounded rationality', and 'opportunism'. Managerial decision to use the open market or the hierarchy to source and supply goods and services would be determined by these criteria. The concept of outsourcing and contracting out for the production and the supply of goods and services by sovereign states are bounded by these criteria, following transaction cost theory (Coase, 1937; Commons, 1934; Williamson, 1975, 1985, 1991). It is the cost of operating an economic organisation or a system and the choices people make, is the essence of transaction cost theory (Boston, et al., 1991; Ouchi, 1977; Williamson, 1975, 1985).

Managerialism

Managerialism originated from Frederick Taylor's (1911) scientific management theory and at the advent of the 'progressives' in the 1970s (Gruening, 1998; 2001). Managerialism is concerned with the management of organisations by objectives for results, and the freedom of managers to effectively manage. Its aims were to make managers manage and to allow them the flexibility to better manage resources at their disposal. The use of incentives and discretionary powers to manage is advocated under this concept (Hood, 1991; Kettl, 1994; Yamamoto, 2003).

Lee May (2006) pointed out that there was a difference between 'management' and 'managerialism' - that is, management is concerned with the use of resources to meet an organisation's objective, whereas managerialism emphasises the rights and flexibility of managers to manage. Boston et al., (1991) suggested that management was a key element of managerialism. It included a set of principles that could be applied to the performance of both public and private sector organisations. This was based on the assumption that management in both the public and the private sector are generic. The only differences are based on legislative frameworks that serve 'public-private' interests with the outcomes that benefit private interest and the public good.

Reforms in the global and local context

The evidence from quantitative studies in the 1980's pointed to a number of factors that were influential in the introduction of NPM in various countries (Guthrie, Olsen, & Humphrey, 1999; Olsen, 1998).

The protagonists behind NPM reforms were influenced by the conviction that the "public sector [was built] on the wrong principles" (Jones & Kettl, 2003, p. 2), and needed to reform (Jones & Thompson, 1999; Osborne & Gaebler, 1993). Some scholars pointed to market liberalism (Olsen, 1998), while others dedicated the reforms to the rise of 'far right' governments (Hood, 1995, p. 99; Jones & Kettl, 2003; Pollitt, 1999). The influences of global financial institutions such as the International Monetary Fund (IMF) and the World Bank (WB) have an impact on NPM reforms (Harrigan, 1998; Knack, 2000). These influences were bounded by the 'postmodern' movement, often referred to as 'institutional economics' (Buchanan & Tullock, 1962; Downs, 1968).

Criticisms of government bureaucracy also stem from the inefficient use of resources, poor macroeconomic performance, and ineffective delivery of public goods and services to citizens (Jones & Kettl, 2003). Many scholars have identified and criticised the poor performance of governments on the inherent bureaucratic system, "the spoils system" (Gruening, 2001, p.3) that evolved from the nineteenth century (Weber, 1946; Schachter, 1989; Stone & Stone, 1975; Van Riper, 1987). Some scholars identified reasons behind the reforms such as: rising national debt levels (Yamamoto, 2003, p.2), expanding public service (Farzana Naz, 2003), increasing cost of goods and services delivery (Hughes, 1998), increasing public demands and shrinking budgets (Bissessar, 2003; Sutton, 2008), the introduction of new innovations in technological advancement (Farzana Naz, 2003), the impact of globalization (Polidano, 1999), calls by citizens for better pricing and quality of services (Borins, 1995; Farzana Naz, 2003), and the forming of the far rightist governments (Hood, 1995; Pollitt, 1999).

Moreover, the logic of private sector supremacy over the public sector in terms of efficiency (Farzana Naz, 2003) in reference to the emergence of transnational corporations (Jones & Kettl, 2003), the advent of the internet (O'Neill, 2009), increased frequency, mobility, and cheaper air travels between continents (Jones & Kettl, 2003)

have exerted pressure on governments worldwide to be competitive with the modern corporate structures and systems (Harr & Godfrey, 1991; Jones & Thompson, 1999; Milgrom & Robers, 1992; Moe, 1994; Olsen, 1998). The bureaucratic system also hindered politicians and civil servants from efficiently deliver public goods and services to citizens as intended (Osborne & Gaebler, 1992; 1993). It also discouraged citizens from participating in decision–making (Cooper, 1991; Tooley, 2001). Jones and Kettl (2003, p. 1) also offered several reasons for government reforms as being –

> . . . over burden[ed] with unnecessary rules, unresponsive to public wants and needs, secretive, undemocratic, invasive into private rights of citizens, self-serving, and failing in the provision of either the quantity or quality of services deserved by the taxpaying public (see also Osborne & Gaebler , 1993; Jones & Thomson, 1999).

Such overwhelming criticisms of the Weberian model of bureaucracy at the end of World War 2 spurred on public sector reforms, which have since taken place in various forms and at various stages on a global scale (Pollitt, 1999; O'Neill, 2009). Some of these reforms were incremental, while others were comprehensive such as the reforms undertaken in New Zealand in 1984 (Bale & Dale, 1998; Boston, et al., 1996; Cheng, 1996; Kelsey, 1999; Kimblewhite, 2001) and reforms that had taken place in the Cook Islands between 1995 and 1997 (ADB, 2002a; Alexeyeff, 2008; Knack, 2000; Knapman & Saldanha, 1999; Sharma, 2008).

Besides the increasing national debt levels (Bissessar, 2003; Yamamoto, 2003) and the rise of far-right governments (Hood, 1995; Pollitt, 1999), three other factors which influenced national governments' decision to undertake public sector reforms were: 1) government's dissatisfaction with policy implementation (Bale & Dale, 1998), 2) poor service delivery (Boston, et al. 1991; Hood, 1991), and 3) there were too many rules and procedures (Jones & Kettle, 2003) which did not allow room for managers to be creative entrepreneurs who could use their intuitions to ensure greater efficiency in service delivery (Osborne & Gaebler, 1992; 1993). These issues were compounded by the greater freedom of media exposure and the increasing public criticisms of governments being inefficient in the use of national resources. These factors ultimately contributed to the arguments for public sector reforms.

Part 2:   New Zealand's Reform

The reasons for selecting New Zealand's reform in this review were: 1) its 'special relationship' with the Cook Islands (Hayes, 2010; MFAI, 1998), and 2) New Zealand was one of the leading countries in the OECD that underwent a comprehensive public sector reform in 1984 (Boston, Pallott & Walsh, 1996; O'Neill, 2009; Witcome, 2008). As such, the New Zealand's reform experience could have influenced the type of public sector reforms in the Cook Islands (ADB, 2002a; Knapman & Saldanha, 1999; Sharma, 2008).

The New Zealand 'experiment', (Kelsey, 1995), which took place in 1984 was internally driven when the Labour Government came to power. Although the 1984 reforms were comprehensive and rapid, it took a considerable time to organise. As pointed out by Boston, et al., (1991) the reform initiative was a policy shift away from the bureaucratic model bureaucracy to managerialism and public choice theory (see also Aucoin, 1990; Bale & Dale, 1998; Dunshire, 1995; Gruening, 1998). The main reason behind the reform was because New Zealand politicians felt core ministries had their own policies and were not responsive to central government's policy directions (Hood, 2001; Bale & Dale, 1998). In New Zealand's reforms the core functions and responsibilities of government were retained while non-essential services were devolved, corporatised, or privatised (Bale & Dale, 1998; Boston et, al., 1996). The reforms included the separation of policy and implementation functions and responsibilities which resembled the organisation of the private sector.

The approach to New Zealand's public sector reorganisation was based on public choice theory and managerialism where policies were brought down to where they were implemented, and there was the separation of managerial discretionary powers from political influence. These arrangements were legalised by two important legislation: the State Sector Act, 1998 and the Public Finance Act, 1989 (Bale & Dale, 1998; O'Neill, 2009). By 1997, "thirty five state-owned companies were sold" (Bale & Dale, 1998, p.105). New Zealand Telecommunication and New Zealand Post were corporatised (Bale & Dale, 1998; Duncan & Bollard, 1992). Most government services were contracted out and senior executives were put on limited term contracts with the full authority to manage (Ball, 1994).

Government's core functions were divided into policy advisory (principal) and policy implementation (agency). This reorganisation followed the Principal and Agency Theory where agencies were to act for, and on behalf of the principal - in this case the central government for a reward (Boston, et al., 1991; 1996; Jensen, 1998). The principal develops or buys policy advice, and the agency implements these policies for an award. In this case, the agent (local government) would receive a budget from the central government (principal) as rewards for the implementation of central government's policies.

The fragmentation of the bureaucracy also followed a tenet of public choice theory of 'polycentric governance' (Aucoin, 1990) where smaller units of administration could compete on the same level as the private sector and the prices of goods and services could be determined by the market (Polidano, 1999; Pollitt, 1999). In the same way, such policy shifts from a hierarchical structure to smaller units competing in the open market could remove price transfers and transactional costs to taxpayers (Minogue, 1998; Polidano, 1999b). However, Robert Gregory (2001) was critical of New Zealand's reform. He claimed the reform was "too mechanistic" (cf: Jones & Kettl, 2003, p.5), that "too much emphasis was placed on physical restructuring" (p.5). It was "too blind to the important organic dimensions of public organisations"(Jones & Kettl, 2003, p. 5).

Rose O'Neill (2009) found that under the State Agency Act 1998, many features of NPM reforms, such as: vertical accountability lines, chief managerial independence, and decentralisation of powers for the control of resources (i.e., assets, staff, and finances) were underpinning the notion of reform but, "not all of these characteristics remained or were fully implemented during the 1980's reform" (p.47). Thereafter the reforms, some negative outcomes emerged.

These "social deficits" (Kelsey, 1995, p. 271) included rising unemployment, falling real wages, a favourable tax regime for the rich at the expense of the poor, high interest rates, an increasing debt level, and a rising poverty level (see also Cheng, 1996; Dannin, 2008).

In the words of the former Minister of Finance, Bill Birch agreed that income disparity was "widening and they will widen much more" (Kelsey, 1995, p.271).

However, separating NPM reforms from global factors that influenced 'social deficits' in New Zealand, as claimed by Kelsey (1995), would do injustice to reform initiatives which saw improvement in service delivery and improved corporate performance (Bale & Dale, 1998; Duncan & Bollard, 1992). For example, the New Zealand's corporatisation effort and the deregulation of telecommunication saw a drastic improvement in service delivery and the lowering of prices for consumers (Duncan & Bollard, 1992).

Also the New Zealand Post - which operated at a loss in the past gained profitability (Bale & Dale, 1998). Kimblewhite (2001) suggested that lessons learned from New Zealand's experience could be used to adjust practices "that do not provide full information" (cf: Jones & Kettl, 2003, p. 5) as a way to improve performance.

A rational approach to evaluating New Zealand's reform outcomes would be to: 1) compare the socio-economic development data from the 1980s against the present (2012) data to determine the outcomes, and 2) use the new method of measurement, using the HDI[5] as prescribed by the United Nations Development Program (UNDP) in 2010 to gauge the results. This method combines: a) long life expectancy at birth and a healthy life, b) Education Index which includes mean years of schooling and expected years of schooling, and c) a decent standard of living in terms of gross national income and Gross National Income (GNI) per capita. The new method captures both 'quality of life' and 'standard of living' attributes (Fontinelle, 2011). Despite what has been said about New Zealand's 'social deficit' (Kelsey, 1998; Cheng, 1996), after the 1984 reform, the United Nations living standard report ranked New Zealand at the 5th place among 187 other countries (Johnston, 2011). The New Zealand's HDI has gradually increased from 0.800 (1980) to 0.908 in 2011, averaging an increase of 0.4% per annum in the last thirty-one years (Scoop Independent News, 2010).

In 2010, the UNDP has reported the following: New Zealand's life expectancy at birth at 80.8 years was an increase of 7.6 years, mean years of schooling at 12.5 was an increase of 0.9 years, and an expected years of schooling at 19.70 was an increase by 4.5 years.

The New Zealand's gross national income per capita was US$24,358, which was an increase of 42.0% from the pre-reform period (Johnston, 2011; Scoop Independent News, 2010; Wade, n.d.). As seen in the literature, the successes and failures of New Zealand's reforms could not be adequately measured because there are other variables besides structural adjustments that contributed to the outcomes. For example, a prolonged period of economic down turn would affect prices of export commodities which could in turn harm the export sector. This could, in turn have an impact on the whole economy in terms of increasing unemployment, and a reduction in the standard of living which could in turn increase the level of poverty that could trigger an upsurge in criminal activities in the country.

Cook Islands - New Zealand 'Special Relationship' and the Public Sector Reform

The Cook Islands reform was unique for two main reasons: first, the Cook Islands' is in a special relationship with New Zealand (commonly referred to in New Zealand's foreign policy as one of the [three] 'realm countries' (Hayes, 2010; MFAI, 1998), and secondly, New Zealand based consultants attached to the Asian Development Bank (ADB) and New Zealand Agency for International Development (NZAID) were actively involved in the restructuring process (ADB, 2001; 2008; Knapman & Saldanha, 1999; Knack, 2000). Knapman and Saldanha (1999) described the reform in the Cook Islands as "unduly influenced by the New Zealand model" (p.37). The 'special relationship' between New Zealand and the Cook Islands could be a determining factor in reshaping the type of reforms that was implemented in the Cook Islands in the mid-1990's (Knack, 2000).

Besides the three branches of government (i.e., the Legislature, the Executive Government, and the Judiciary) there exists side by side, the traditional family-based Ariki system. The powers of the Ariki are outside the control of Parliament (Crocombe, 1964; Crocombe, 1971; Crocombe & Jonassen, 2004; Ingram, 1992) and thus, it had been a challenge to initiate changes that would merge tradition with modern democratic institutions. The co-existence of Parliamentary democracy and the ancient family-based Ariki system, both complement as well as competing public institutions as one system is "antithesis of the other" (Ingram, 1992, p. 154).

The dynamics of these contrasting systems could have led to the political tensions that eventually culminated in the Ariki rebellion on 12 June 2008 (see Chapter 2). However, no effort has been made to align the traditional system with the NPM regime.

Part 3: Reforms in Selected OECD Countries (Japan and Denmark)

New public management reforms have been implemented worldwide in various forms. There is evidence to suggest that reforms have been taking place on a global scale; some were incremental such as Denmark's reforms (Bransen & Kim, 2008; Dimeski, 2011; Gregory & Christensen, 2004), some were comprehensive such as New Zealand (Boston, 1991; 1996; Christensen, Lie, & Laegreid, 2007; Schick, 2001), and others were selective, for example, Japan (Pempel, 1992; Polidano, 1999a ; Yamamoto, 2003). In this review, two OECD member states and four Commonwealth Caribbean states have been selected to relate the types of reforms that have taken place in advanced economies and SIDS with the reforms in the Cook Islands.

Japan and Denmark have been chosen because Japan is an industrialised country in Asia with strong cultural traditions. Its bureaucracy has a long history and tradition whereas Denmark is a moderate Scandinavian state that has a corporate culture where bargain consensus is the tradition. Secondly, both countries undertook public sector reforms in different ways as compared to the reforms that were undertaken in New Zealand and the Cook Islands. The four Commonwealth Caribbean countries have been chosen because these countries have some similarities in terms of governance and as small island developing states (except for Guyana which is land-based; it changed its governance structure to a republic after independence). The concept is to explore the similarities and differences of the reforms as it relates to the Cook Island's reform.

Danish Reform

Unlike New Zealand's reform in the 1980s, the Danish reform was 'incremental' and dated back to the 1960s (Dimeski, 2011). Denmark's aim was to create a senior civil service that would be responsive to the executive government. However, because of its strong union base and a Parliamentary system that allows for minority governments and coalitions, drastic reforms like the one that New Zealand had was not possible (Dimeski, 2011; Farzana Naz, 2003).

One of the main features of the Danish reform was short term contracts between top civil servants and the executive government, made through collective bargaining with the unions (Gregory, 2001a; Gregory & Christensen, 2004).

This method saw improvement in incentives for top civil servants, an egalitarian pay structure for lower civil servants, and the retention of merit-based civil service (see Gregory & Christensen, 2004, p. 78). Denmark also undertook radical neoliberal reforms of privatisation, downsizing of the public service, and the devolution of political powers to municipal authorities (Dimeski, 2011). Despite the radical reforms, Denmark retained many of its traditions by incorporating parts of the NPM principles into its organisation structures and institutions. The reforms form part of the corporatist features of Denmark (Gregory & Christensen, 2004).

Although much of the reform was at a slower pace, it provided citizens and the government the opportunity to adjust to the reforms and to make changes collectively where it mattered the most. Denmark's reform was incremental, collective, and convergent. It was selective in adopting parts of manageralism (Osborne & Gaebler, 1992) at the executive level as well as parts of a public choice theoretical approach (Tullock, 1965) where some central government functions were devolved to local-level governments (Christensen, 2005; Ostrom & Ostrom, 1971). Denmark also corporatised essential services as cost cutting measures, effectively removing transaction costs to taxpayers (Noteboom, 2006; Ivens, 1992; 1999). As suggested by Pollitt (2003), Denmark is unlikely to seek new liberal reforms, but to consolidate its position on the current reforms with strong emphasis on better coordination within the civil service "and more collaboration with civil society" (Christensen, 2005, p.737).

Japanese Reform

Unlike New Zealand and Danish bureaucracies, the Japanese bureaucracy dated back to the Nara period (710-794), influenced by Chinese model bureaucracy. During the 250 years of the Tokugawa family reign (1600-1868), "Samurai warriors became de facto civilian administrators" (Pempel, 1992, p. 19). Under such a regime, birthright was the key to being a civil servant rather than technical competence.

During the Meiji government period, and prior to World War 2 the Japanese bureaucracy was based on the Prussian model and closely resembled "Max Weber's ideal bureaucracy" (Pempel, 1992, p.19).

Unlike New Zealand and Denmark, civil servants in Japan were highly respected and placed ahead of private sector employees. The training and examinations of public servants were rigorous. In the pre-war period, Japan had two separate bureaucracies: one was civilian and the other was military. However, neither were controlled by elected officials. The two parallel bureaucracies were powerful. They were the servants of the emperor and were also responsible for government's policy and planning. The Japanese bureaucracy provided an example of "a planner and an agent of change" (Pempel, 1992, p. 19). This was because of the central role it had in the planning and the implementation of major changes after World War 2 (WW2). Following the end of WW2 the two bureaucracies were disbanded and major changes have taken place to modernise the bureaucracy.

Despite these differences, there were also similarities in Japan's civil service reform compared with that of New Zealand and Denmark. Like New Zealand and Denmark, the Japanese reform was internally driven but unlike its counterparts, Japan was selective. Yamamoto (2003) provided an insight into the reforms that took place in Japan after the 1998 general election. In that study, it was found that despite the rhetoric of reform, the Japanese reform went as far as rearranging policy evaluation and decentralising the implementation functions of government (Funnell & Cooper, 1998b; Gruening, 1998). The reorganisation effectively separated the 'rowing' from the 'steering' functions of government (Osborne & Gaebler, 1992).

Japan adopted the USA's policy evaluation system and introduced the UK's agencification method, based on 'agency theory' to streamline its civil service (Yamamoto, 2003, p. 24). Japan, however, retained much of its tradition, such as *amakudari* and *gokusei shido.* The Japanese word *amakudari* means "descent from heaven" (The Diplomat, 2011, p. 1). It honours politicians and bureaucrats retiring from the civil service into the private sector or government controlled corporations, mostly to solicit government contracts from their former employer or firms

(Yamamoto, 2003). *Amakudari* is an institutionalised practice in Japan. It is not only limited to public-private sector partnership, but is widely embedded in the social, economic, and political system of the Japanese society.

As a philosophy, civil servants are considered deities; that is, government is heaven and the private sector is earth, and thus, *amakudari* refers to deities descending from the heavens to earth, following the Shinto religious tradition (The Diplomat, 2011). Its practice is also widely used between large corporations and smaller firms, among banks and educational institutions, and between industries and the legislature. Proponents claimed it served as a lubricant for the public-private partnership in development. However, the practice is thought to be corrupted, as it engages people based on ranks rather than merit. It was also considered the main hindrance to public sector reform initiatives (Pempel, 1992; Yamamoto, 2003).

What would have been thought in the 'West', and in particular for politicians and civil servants in Denmark and New Zealand as an illegitimate practice of 'conflict of interest' (Audit New Zealand, 2007) is very much celebrated and honoured in Japan.

From these experiences one could say that the Japanese public sector reform model was unique as: 1) the reform was initiated from within, 2) it selectively imported ideas from other countries (the USA and the UK) and rearranged only two of its major functions, policy evaluation, and policy implementation, and (3) it retained most of its bureaucratic traditions (Pempel, 1992; The Diplomat, 2011; Yamamoto, 2003).

In this respect, Japan only adopted parts of the public choice theory and parts of the principal-agency theory, separating the owner/principal from the purchaser/agent (Funnell & Cooper, 1998b) while retaining most of its culture and bureaucratic traditions (Pempel, 1992; Yamamoto, 2003). Like Denmark, Japan retained and incorporated parts of NPM elements into its traditional value systems. For instance, the *gokusei shido* (administrative guidance) policy, which requires Tokyo to send out officials from the national government to ensure central government's policies are implemented in the countryside. This practice originated from a long tradition dating back to the Heian Empire when relatives of the emperor would be sent out to administer distant provinces.

This practice was later brought into the Meiji bureaucratic system in the 1800s and continued since (Pempel, 1992). The local officials adhere to this doctrine.

As Japan is a rank conscious society and every local official knows that the bureaucrats that have been sent out to work with their ministry attended a better college than them and, therefore, are their superiors. This respect makes implementation of government policies more effective. The civil servant in Japan is considered powerful, influential and honoured in Japanese society as compared to the status of bureaucrats in New Zealand and Denmark. In conclusion, the bureaucratic elite in Japan is the most important force along with the key industrialists, who are their work associates. They run the country.

The Japanese bureaucratic elite is concentrated, homogenous, and a relatively powerful force in national governance as compared to bureaucrats in New Zealand and Denmark. The Japanese reform was selective, top-down, and convergent. It retained much of its bureaucratic tradition that had been embedded in its cultural practices. This tradition made it convenient for government policies to be implemented nation-wide.

Part 4: The Commonwealth Caribbean States' Reforms
(Bardados, Trinidad and Tobago, Jamaica and Guyana)

Public sector reforms took hold in the Commonwealth Caribbean States (CCS) by the 1990's. Many of these island-states inherited large bureaucracies. They had over-borrowed to provide infrastructure and welfare services to their people (Bissessar, 2002). Similar to the Cook Islands, a global financial crisis in the mid-1990's forced the Commonwealth Caribbean States (CCS) to reform. The countries that undertook public sector reforms were Barbados, Trinidad and Tobago, Guyana and Jamaica (Bissessar, 2002).

The factors impacting on the development and the status of these countries dated back to their political history, social structures, cultural practices, geographical positioning, and composition of their population. These features are highlighted in this part of the literature review.

As seen in Table 3 Barbados had been ranked (38th) out of the 186 United Nations Development Programme (NDP) member countries, whereas neighbouring Guyana was ranked 118th. Trinidad and Tobago, and Jamaica were ranked 67th and 85th respectively. The 2012 UNDP assessment was based on the Human Development Index (HDI) formula. Table 3 presents the ratings and rankings of the Commonwealth Caribbean States.

Table 3. HDI for the Commonwealth Caribbean States

Countries	Barbados	Trinidad &Tobago	Guyana	Jamaica
2012 Rank*	38th	67th	118th	85th
Dates	0.706	0.680	0.513	0.612
1990	0.760	0.685	0.502	0.642
2000	0.790	0.707	0.578	0.679
2005	0.859	0.743	0.703	0.755
2012	n/a	n/a	n/a	n/a

Source: UNDP 2012 Human Development Report, Table 1.
Note: * Ranked out of 186 UNDP Program Countries

The purpose of this part of the review is to highlight the similarities and differences of the outcomes of the reforms (in the four Commonwealth Caribbean States) as the results may apply in the Cook Islands context.

Reforms in Barbados

In the early 1980s and early 1990s, Barbados spent close to 90% of its annual budget on central government. The rate of public sector expenditure to Gross Domestic Product (GDP) fell from 34% to 20% in the 1990s , but this had risen again between 1998 and 2003, suggesting that the contraction of the public service had "reached its limits"(Sutton, 2008, p. 10). In comparison with other CCS, much of NPM reforms that were introduced in Barbados were successful. The only exception was with strategic planning (Sutton, 2008).

It also made unique structural adjustments to personnel management, where tripartite arrangements were made by the Public Service Commission (PSC).

For instance, the core policy responsibilities of hiring, firing, rewarding, and the evaluation of new employees was centralised whereas the responsibility for the management of staff was decentralised to line ministries and government agencies.

The two main reasons for Barbados' successes in implementing much of the NPM reform programmes were: first, its ability to sustain its economic growth from tourism, and second, it was able to gain political consensus between the various interest groups. Political consensus on the reform was vital to its success. The consensus was made possible by its homogeneity (Bissessar, 2002). These elements led to increased outputs in the public sector as compared to Trinidad and Tobago, and Guyana (Bissessar, 2002). As a result, Barbados improved its socio-economic status in the Caribbean and on the global scale. Its people enjoy a high standard of living compared to other Commonwealth Caribbean states.

Reforms in Trinidad and Tobago

Caiden (1991) suggested that "the history of the country, the geography..., and culture of the public service were critical obstacles to reform" (cf: Bissessar, 2002, p.2). It was also evident that the political system, in the CCS, and in particular in Trinidad and Tobago, was detrimental to public sector reforms (Wilenski, 1986).

The islands of Trinidad and Tobago have a history of indentured labour compared to its other neighbouring states, who experienced slave labour. The ethnic composition of Trinidad and Tobago society was mainly descendants of the indentured African labourers, who controlled politics and the bureaucracy. The Indian population made up the second largest group, followed by Chinese and Syrian migrants (Bissessar, 2003). The African-led Peoples National Movement has retained power for so long that public servants have associated themselves with the government. Hence the reform could not proceed, because that would risk 'self-interest' of public servants. The reform could increase the risk of 'power preservation' within the political and the bureaucratic systems. In post-independence period, Trinidad and Tobago inherited a large public service, partly from government's policies to cater for a wide range of needs of society – which some scholars called, the 'welfare state' (Knutson, 1998).

Despite the political rhetoric of NPM reform in Trinidad and Tobago, very little was implemented. The only exception was some strands of performance management and appraisal systems that were introduced (Bissessar, 2002). The appointment of civil servants were based on seniority rather than merit. Under such political and bureaucratic environment, NPM reforms could not be advanced.

Reforms in Jamaica

Jamaica undertook public sector reforms in seven stages from the 1970s (Tingigarukay, 2004). The first phase of the reform was introduced in the 1970s with the establishment of the Ministry of Public Service (MPS). This Ministry was tasked with these two major objectives: 1) to "sustain self-reformation of the public service" (Mills, 1997, p. 50), and 2) to modernise public service practices throughout Jamaica (Ryan & Brown, 1992). The next stage of reform was made in 1984. The reform was intended to streamline the administrative functions. It was referred to as the 'Administrative Reform Programme' (ARP), and its purpose was to improve personnel and financial management capability in the public sector (Mills, 1997). The third phase began in 1991 with the establishment of the Financial and Programme Management Improvement Project (FPMIP), where programme budgeting and corporate planning was introduced throughout the public sector. Both Financial Management Information System (FMIS) and Human Resources Management Information System (HRMIS) were introduced at that time (Mills, 1997).

In the fourth phase, Tax Administration Reform Project was introduced in November 1994 (Bissessar, 1998). The primary focus of the reform was to strengthen the tax administration system and to rejuvenate revenue sources and opportunities (World Bank, 1994). The fifth phase of the reform was announced by the Prime Minister in a speech to the House of Representatives in December 1994. Its aim was to establish the citizen's charter, and to impress on state institutions the need to be more efficient in the delivery of quality services to the public. The sixth phase of the reform was introduced in 1996 with the aim of modernising the public service. The concept was to create a small but effective, efficient, and accountable public sector that would ensure good and quality service delivery to stakeholders (World Bank, 2004).

The final phase of the reform was launched in September 2002, which consisted of developing the national vision and strategies for public sector reform (Sutton, 2008; Bissessar, 2002). The World Bank (1994) report suggested Jamaica followed closely with some of the NPM principles based on guidelines set by its lending financial institutions. However, studies have shown that there was no increase in output or improvement in public sector performance despite the reforms (Bissessar, 2002; 2003).

The lessons learned from these reforms were: 1) in-service training programmes were not put in place to build and sustain human resource capacity, 2) there was lack of training for staff management and supervision, 3) there was lack of training for finance and accounting staff to operate the system, 4) there was duplication of functions and responsibilities between the Ministry of Public Service (MPS) and the Public Service Commission (PSC), and 5) central agencies were reluctant to delegate responsibilities to line Ministries (Mills, 1992, p. 330). Senior managers were also reluctant to delegate authority to middle management and lower level staff, and the constant staff absenteeism at work impacted performance and productivity of the public service (Bissessar, 2002; Caiden, 1991).

Reforms in Guyana

The Republic of Guyana is a former British colony with a long political, economic, and socio-cultural history dated back to the 1600s. From early 1600s to 1814 three colonies were established by the Dutch; Essequibo (1616), Berbice (1627), and Demerara (1752). Guyana was controlled by the Dutch until 1814 when it was ceded to Britain. Britain administered the colony from 1814 until 26 May 1966 when it gained independence. Guyana is the only Commonwealth Caribbean Country (CCC) that is not an island state. It hosts the Association of the Commonwealth Caribbean States (ACCS) head office in its capital, Georgetown.

In the early days of the Dutch settlement (1616 -1814), they were able to convert much of the swamplands into sugarcane farms, but the shortage of labour forced the settlers to import slaves from Africa. When Britain banned slave trading in the 1800s, indentured labourers were recruited from India and Syria.

Besides these immigrants, there were nine tribes that made up the indigenous population in Guyana. Europeans, ethnic groups, Indians, Syrians and Chinese made up the population.

It must also be noted that although the population is categorised broadly, within these groups are also sub-groups. For instance, in the European community there are Dutch, Portuguese, and British descendants whereas the descendants of the Indian population were from different parts of India and of different cultural language groups. There are Tamils, Telugus, Biharis, and Uttar descendants who maintained their ways of life in Guyana (Bissessar, 2002; 2003; Sutton, 2008). Managing such diverse traditions and cultural practices has been a challenge for Guyana since independence.

In 1990, reforms were initiated to restructure Guyana's bureaucracy but the volatile socio-political environment made it difficult to implement the reforms as compared to other Commonwealth Caribbean countries.

Although reform committees were established, these committees were disbanded soon after their reports were completed. Some reasons given for Guyana's reforms failure were the –

    a) lack of political commitment to the process (of the reform)

    b) absence of budgetary allocation (to implement the reform agendas)

    c) lack of communication between stakeholders , and

    d) lack of a coordinated approach to the implementation process.

In 2002, the British Government sponsored a review of the reform for £4.9 million over a 4-year period. The review was intended to revisit the 1990s' reform initiatives, and to compile a report with proposals for renewed attempts on the reform initiatives. The KPMG evaluation report found much of the intended public sector reforms as set out in Table 4 of Guyana's strategic plan was not implemented (Bissessar, 2003; Sutton, 2008). The KPMG evaluation report identified two broad reasons for the failure: 1) there was no political commitment to implement the reform programmes, and 2) there was no motivation in the public service for the reform to proceed. Without much success, the British Government eventually abandoned the plan in October, 2009 (Bissessar, 2002; Sutton, 2008).

Like its neighbouring island country of Trinidad and Tobago, the 'politicisation' of the public service was the key to the ruling party's political survival, and therefore, the idea of reforming the bureaucracy did not receive political or administrative support.

In a *plural society*[6] such as Guyana, public service neutrality diminishes, because the bureaucracy has been associated with the ruling ethnic group in power for so long (see also Amosa, 2008; Bertram, 2003; Sutton, 2008). It was the dominance of the ethnic African descendants that was evident.

Frederickson (1996) pointed out that the difference between 'new [public] management' and traditional public administration is that NPM is political since it involves issues such as "politics, democracy, and issues of majority rule-minority rights"(cf: Bissessar, 2002, p. 6). This proposition holds true for Guyana. From 1964-1985, Guyana's socialist policy forced many foreign and domestic businesses to relinquish their interests, which eventually led to the collapse of the economy in 1985 (Bissessar, 2002). Guyana was rated as a "highly indebted poor country" (Bissessar, 2002, p. 6). Between 1998 and 2003, Guyana increased its public sector spending from 38% to 43% as a percentage of its GDP; it however, did not increase its outputs (Sutton, 2008).

NPM Reforms in Retrospect

Reforms that have taken place in these four countries were distinct and took various forms. The types and the extent of reforms varied from one country to another. These diversities stemmed from: 1) historical backgrounds, 2) economic conditions, 3) cultural settings, 4) demography, and 5) the inherent political systems (Bissessar, 2003; Jones & Kettl, 2003; Charles Polidano, 1999; Sutton, 2008). In comparison to the selected OECD countries of New Zealand, Denmark, and Japan, the Caribbean countries (formerly colonies of the United Kingdom), adopted different facets of NPM with mixed results (Bissessar, 2002; 2003; Caiden, 1991: Sutton, 2008; World Bank, 1994). As pointed out by Wilenski (1986), 'political will' was the greatest impediment to any reform (see also Bissessar, 2002; Sutton, 2006). The political buy-in, endorsement of reforms, policy design and input, and implementation would not be possible without 'political will' (Bissessar, 2002, p.2).

In addition, there must be a 'champion' – someone who believes in reform and takes charge of policy initiatives and legislative changes for the cause to make it succeed. Other influencing factors such as 'public service culture' (Caiden, 1991), 'globalisation' (Giddens, 1990; Scholte, 1993), 'criticisms of services delivery' (Hood, 2001), the 'global financial institutions' (IMF and World Bank) conditions for reform (La Guerre, 1994), and the 'rapid movement of population' (Bissessar, 2002; Bertram, 2006; Fraenkel, 2006), were some of the reasons for the reform's failures. These factors are in particular, prevalent in developing countries and small island states.

Some scholars suggested a number of criteria for the reforms to succeed. These would include: 1) political will to change must be present (Bissessar, 2002), 2) the prevailing local conditions of the recipient country must be understood by advocates pushing public sector reforms (Sutton, 2008; Farzana Naz, 2003), and 3) the literature discourse of NPM implementation in various jurisdictions must also be understood (Kaul, 1996; Klitgaard, 1997; C. Polidano, 1999a). Out of the four ACCS that underwent a series of reforms, Barbados and Jamaica (to some extent) were the most successful.

The successes of these countries were attributed to their ability to sustain economic growth (mainly from tourism), and there was a political consensus because they were homogenous societies (Bissessar, 2007; Sutton, 2008). Guyana and Trinidad and Tobago were not able to achieve many of the reforms because: 1) they were multicultural societies where political consensus was impossible, and 2) they have weak economies (Bissessar, 2003; Sutton, 2008).

In these examples, the rhetoric of NPM which "was based on liberal values" (O'brein, Goetz, Scholte, & Williams, 2000, p. 135) could not be fully implemented because of the diverse political systems, different socio-cultural environment, and the differences in the economic conditions of the seven countries that have been studied.

Part 5: The Cooks Islands Reform

In all ways, the Cook Islands fitted into the group of Pacific Island countries classified as the MIRAB economies – migrant – remittances - aid and bureaucracy (Bertram &

Walters, 1984), which emerged "from the colonial era with a variety of constitutional arrangements but with a common heritage of colonial welfarism"(Bertram, 2006, p. 1). Bertram notes a radical disconnection between what he terms 'the nationalistic development models and policies' proposed by the aid donor community and economic realities. On the one hand:

> . . . trade restrictions were few or absent, capital flowed freely, monetary union with a larger metropolitan economy was the norm, transnational migration was a major determinant of island demography and aid and remittances underwrote the long-run sustainability of trade deficits and government budgetary deficits which would have been crippling for less open economies (Bertram, 2006, p. 1).

On the other hand, Bertram notes that the colonial administration provided the physical and cultural welfare of island residents. Schools, hospitals, roads, reef passages, port facilities, airfields, radio communication links, housing, water supply, wastewater treatment, and government buildings were all provided by the colonial regimes, and were kept in operation by post-colonial aid.

Other reports noted political patronage and interference by politicians in the civil service as the norm (Crocombe, 1987; Knapman & Saldanha, 1999). The NPM regime was to challenge these prevailing models.

The preparation for the reform started in April 1995, and the official restructuring adjustment program began from June to July 1996 and continued until 1997 (ADB, 2002a; Sharma, 2008). The restructuring started with three major Acts being put through Parliament and approved, followed by the dismantling of the former structure with functional changes and staff layoffs (ADB, 2002a). The three Acts were the Public Service Act, the Ministry of Finance and Economic Management Act, and the Public Expenditure Review Committee Act.

Similar to the Commonwealth Caribbean island-state of Barbados, this reform was made possible with government gaining political consensus because of its homogeneity (ADB, 2002a, p. xx; Bissessar, 2003; Sutton, 2008).

The second phase of the reform was the privatisation of major government assets and the incorporation of public utilities. The restructuring was made possible by five major Acts of Parliament which include a) the Cook Islands Investment Corporation Act, b) the Business Trade Investment Board Act, c) the Value Added Tax Act, c) the Income Tax Act, and d) the Company Tax Act. This step separated the core functions of government from non-core sectors that were left to the private sector. The restructuring deregulated the market that enabled the private sector to participate in development. The restructuring followed the concept of 'hollowing-out of the state' (Rhodes, 1997) and shifting non-essential services to the private sector.

It follows the notion that government should attend to its core function of governing through policy decisions and legislation rather than be involved directly in activities that can be implemented by others in society (Osborne & Gaebler, 1992).

The establishment of the Cook Islands Investment Corporation (CIIC) was made to incorporate all government assets into a single entity; to be run, and operated like a business firm (Cook Islands Investment Corporation (CIIC), 1998). These measures implied an inherent characteristic of a "liberalised market government" (Bromwell, 2008, p. 27) in conformity with the "Washington Consensus" (Bertram, 2006, p.1). To further strengthen and enlarge the private sector, the government established a one-stop-shop Business Trade Investment Board (BTIB) to facilitate private sector growth (Business Trade and Investment Board (BTIB), 1995-96).

The concept was to reduce government's involvement in the production and delivery of goods and services as described by Osborne and Gaebler (1992) as –

> . . . "a government that is strong because it confines itself to decision and direction and leaves the 'doing' to others" . . . it is not a government that 'does'; it is not a government that 'administers'; it is a government that governs" (p. 48).

Although elements of the reforms in the Cook Islands showed similarities to reforms in Africa (Polidano, 1999b), the Commonwealth Caribbean States (Bissessar, 2003) and reforms seen in many developing countries (Sutton, 2008), the Cook Islands reform was unique in several ways (ADB, 2002a, 2008c ; Sharma, 2008).

It resembled similarities to the reforms that took place in New Zealand in 1984 in terms of its application and the inherent features of *institutional economics*[7] (Boston, et al.1996). For instance, there was the separation of policy decision-making from policy implementation (but no capacity to deliver or purchase policy advice).

Under the Public Service (PS) Act 1996-97 and the Ministry of Finance and Economic Management (MFEM) Act 1996-97, powers were devolved to Heads of Ministries (HOMs), Crown Agencies, and the Outer Island Administrations (Downs, 1994; Tullock, 1965) to manage their affairs following the concept of 'differential' governance (Ostrom & Ostrom, 1971). There was an attempt to devolve political and administrative powers (following public choice theory) to the outer islands (ADB, 2002a, p. xxxi) however, budgetary control was still centralised and retained in Rarotonga.

This decision was made on the understanding that once capacity building was completed all the management functions would be devolved to the island governments. This concept is similar to an open government system approach to decentralise government functions as illustrated in Figure 5.
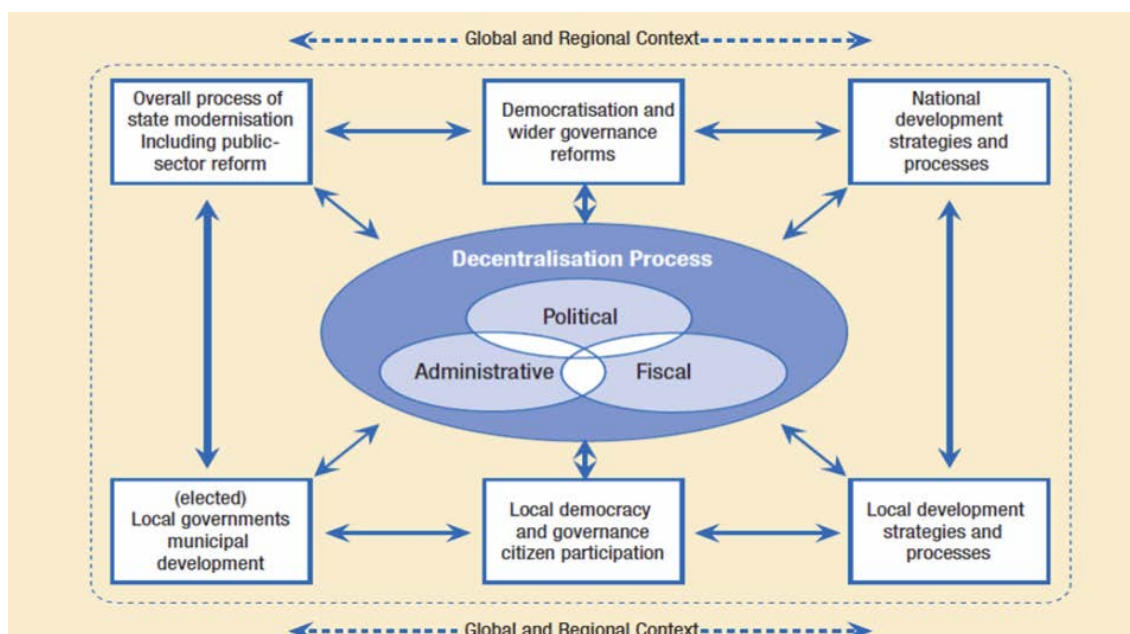
Figure 5.   Open Systems in the Decentralisation Process

Source: Adopted from Europe Aid (2007) in an Open-System Approach to Decentralisation and Local Governance.

By 1998, the reform slowed down and consolidation began (ADB, 2002a; Karora et al., 2007, p. 7). Transitional arrangements for the retrenchment of public servants were gradually removed and eventually government operations started to stabilise. According to an ADB (2002a) report, "the reform process [was], however, incomplete" (p.xx). In addition, there was no legislation governing devolution or the processes through which to devolve responsibility.

The lack of legislative processes had made devolution very difficult to implement as Island Governments were operating under the old centralised – agency based regime, while the Island Administration operated under the newly liberalised legislation.

As set up in the 1987 Act, the Island Governments are sometimes referred to as Island Councils, and their membership consists of a Mayor, Island Councillors representing their constituencies, the Government Representative (GR) and the Ariki of the island. The Island Governments report to the Office of the Prime Minister, whereas the Island Administration is headed by an Island Secretary, appointed by the Public Service Commissioner. He or she is in-charge of the island's human and financial resources, and equipment. The incumbent reports directly to the Office of the Public Service Commissioner.

This situation placed the Island Governments outside the NPM system. It took over 16 years after the 1995-96 reform, to have the Island Government Act 1987 replaced with the new Act that would give more power to the Island Governments (Island Government Act, 2012-13). What was not clear was whether financial and human resource allocation would follow the re-organisation. The island governments that were re-established under the new Island Government Act 2012-2013 are shown in Table 4.

Table 4.   Island Governments by Region and Composition

Northern Group Islands			Southern Group Islands		
Island	Constituencies	No# of Councillors	Island	Constituencies	No# of Councillors
Penryhn	Village of Omoka	3	Mangaia	Village of Ivirua	1
	Village of Tetautua	2		Village of Tamarua	1
				Village of Karanga	1
				Village of Tevaenga	1
				Village of Veitatei	1
				Village of Keia	1
	Total for the Island	**5**		**Total for the Island**	**6**
Manihiki	Village of Tauhunu	3	Aitutaki	Village of Amuri	1
	Village of Tukao	3		Village of Ureia	1
				Village of Arutanga	1
				Village of Reureu	1
				Village of Nikaupara	1
				Village of Vaipae	1
				Village of Tautu	1
				Village of Vaipeka	1
	Total for the Island	**6**		**Total for the Island**	**8**
Rakahanga	Village of Purapoto	1	Atiu	Village of Ngatiarua	1
	Village of Niteiri	1		Village of Tengatangi	1
	Village of Numahanga	1		Village of Mapumai	1
		1		Village of Areora	1
	Village of Teruakiore	1		Village of Teenui	1
	Village of Matara				
	Total for the Island	**5**		**Total for the Island**	**5**
Palmerston	Total for the Island	6	Mauke	Village of Avaavaro	1
				Village of Parai	1
				Village of Makate	1
				Village of Areora	1
				Village of Ngatiarua	1
				Total of the Island	**5**
Pukapuka & Nassau	Village of Ngake	2	Mitiaro	Village of Atai	1
	Village of Roto	2		Village of Takuae	1
	Village of Yato	2		Village of Mangerei	1
				Village of Auta	1
	Total for the Island	**6**		**Total for the Island**	**4**

Source: Island Government Act 2012-13 Schedule 1 (pp.44-45).

Government reports and statistical data showed most outer islands did not have human resource or financial capacity to deliver public goods and services as intended under devolution. The concept was there in print but the re-organisation and resource allocation did not follow. As a result there was fragmentation in the management system, and practices varied from island to island.

The poor alignment of the devolution structure and the fragmented legislative framework, emerged from the incomplete reform processes which at times caused tensions in the system. For instance, there were conflicts between island mayors and island secretaries and between Members of Parliament (MPs) and Mayors. An example of this tension was seen in a press statement issued by a long term (5 terms) serving Mayor of Aitutaki in January 2011 which states -

> The system needs overhauling. The council system was put in place a long, long time ago and very little has changed. Failure in service delivery in the past has been because of Members of Parliament are doing their own thing and government is not listening to the Council (Case, 2011, p.2).

Taxation Reforms

Between 1996 and 1997 two other important legislation came into force: The Income Tax Act and the Value Added Tax Act (VAT). Under the new Income Tax Act, personal taxes were divided into a three-tier tax system, replacing the progressive tax regime with an exemption threshold of $10,000. The liberal tax regime was designed to increase individuals and businesses propensity to save, invest, and to spend on their own choice to grow the economy (ADB, 2002a). In the case of VAT, there was a two way process where registered individuals or businesses could pay for services rendered and lodge claims at month end to redeem taxes they have paid. This type of tax served four main purposes: (1) it encourages individuals and businesses earning above $30,000 or more per annum to register and take advantage of the VAT refunds, (2) it shifted the responsibility of tax collection, away from the state to individuals and organisations (including private businesses and public organisations) in making choices to manage their financial resources (including tax liabilities) in accordance with public choice theory (Ostrom & Ostrom, 1971), (3) the VAT regime provided government immediate cash flow for it to fund its capital works programs and operations (Budget Estimate 2008-9), and (4) the VAT regime enabled consumers to pay a single tax rate of 12.5% on the same goods and services produced, imported or consumed. In turn, the majority of levies, tariffs and import duties were removed.

Rapid Recovery & New Challenges

Donor agency reports indicated rapid economic recovery and positive outcomes after the reform (ADB, 2002a; 2008c). The 2003 statistics showed an average rate of growth at 5.7% per annum and an increase in Gross National Income (GNI) per capita of USD7,550 in 2003 to USD9,986 in 2007, ranking the Cook Islands in the high income countries in the Pacific Islands (Sharma, 2008, p.73). As indicated in Chapter 2, the Cook Islands Human Development Index (HDI) measured in 1999 was at 0.985, which was "the highest in the Pacific Islands" (Knapman & Saldanha, 1999, p.26). The HDI figures at three year intervals are the indicators of the high standard of living enjoyed by the people of the Cook Islands. Table 5 figures indicated a drop in HDI in 2002, and the increases in 2009 and 2012. This indicators pointed to government's poor performance in the social sector (just after the public sector reform) but improved in 2002 and 2012.

Table 5. Cook Islands HDI at three-year period interval

Year	1999	2002	2009	2012
Human Development Index (HDI)	0.985	0.789	0.837	0.860

Sources: http:/pacificpolicy.org/blog/2011/02/07/cook-islands; SPC, S&Ps, Donor Agency reports
Note: The Cook Islands is not a UNDP listed country so it is not ranked against UN member countries

Nevertheless, the outward migration of skilled people in turn affected essential services such as health and education (ADB, 2002a; 2008c; Sharman, 2008). It also had drastic impact on the sustainability of the outer islands (ADB, 2002a). The ongoing migration created vacancies in which migrant workers have been recruited to fill; perhaps slowly changing the country's status from an indigenous, and homogenous society to a multicultural one, however, this needs to be studied. Challenges faced by the Cook Islands after the reforms (2006-2012) included on-going structural adjustments in sectors that did not undertake reforms, the drafting of legislative changes, and new policy initiatives that would consolidate government operations (ADB, 2002; Wichman, 2012).

Recent incremental reform initiatives drew public criticisms, because of fear of what had transpired in the mid-1990's that drove Cook Islanders away from their home islands (Crocombe & Crocombe, 2003; Reeves, 2012a; 2012b).

Noticeably, there have been social deficits such as increasing crime rate (NAR, 2006; NSDP, 2006), youth delinquency and unemployment (CISO, 2012; Corydon Consultants, 1997). Nevertheless, little if any studies have been done in this area. Statistical data showed a shift in employment from the public sector to the private sector after the reform (Census, 2001; 2006; 2011). For instance in 2011 only 25% of the workforce was employed in the public sector, while about 75% was engaged in private sector employment. The pre-reform figures in 1996 showed over 57.4% (3,002) of the workforce was government and 29.83% (1,560) was in the private sector. The other 13.3% (698) was presumably self-employed.

These outcomes achieved the desired goal of the 1995-96 reform in which the emphasis was for the economy to be led by the private sector (Government of the Cook Islands, 1997a).

The shift of the country's economic activities from the public sector to the private sector, follows Osborne and Gaebler's (1992) concept of 'entrepreneurial government', where "the entrepreneur shifts economic resources out of an area of lower return to an area of higher productivity and greater yield" (xix). However, the high cost of living (Demmke, 2011) with suppressed wages (21% of the population earning less than $5,000 per annum) and only 5% of the workforce earn over $40,000 per annum is an indication of inequality in income distribution.

Anecdotal evidence suggests that many working parents were forced to work two to three jobs a week to have a decent living, and were having less quality time for their children. This development may have contributed to the increased rate of child and youth delinquency (Demmke, 2011) but no studies have been conducted.

Incremental Reforms from 2006-2012

Between 2006 and 2012 period, 'incremental' changes had occurred. This was made possible by a number of ADB Technical Assistance (TA) reviews that were carried out in post reform years (ADB, 2009).

One could deduce from the analysis that the incremental changes that occurred in post reform years were initiated within, but supported by external development partners and donor/loan agencies.

This cooperation is ongoing because the NPM system is complex. It requires expert advice and technical support to operate. For instance, the Official Information Act 2008, the 2009 Public Service Act (replacing the 1995/96 Act) and the 2012-13 Island Government Act (replacing the 1987 Outer Island Government Act) were drafted, and paid for by donor agencies (ADB, 2008c ; Knapman & Saldanha, 1999).

The Direct Technical Assistance (see Table 6: TA 7149C00 & TA 7674C00) to review government operations was funded by ADB, but this was initiated and supported by the Cook Islands Government.

The reviews and the incremental changes that occurred in the Cook Islands between 2006 and 2012 are presented in Table 6.

Table 6. ADB TA (Public Service Review) & Legislative Changes

Description	Detail & Date	Title	Purpose	Period
A. ADB Technical Assistance	1.ADB: TA 7149C00 12 January 2010	ADB Inception Report and Forward Strategy: Public Sector Review and Improvement (Costanzo, A. 2010).	To review the performance of the public service since the 1995/96 reform.	2010 (Jan)
	2. ADB: TA 7674C00	Public Finance Management and Public Sector Performance Review: Functional Analysis to Re-define the Size and Scope of Government (Yeoman, L. (2011).		2011 (May)
	3.ADB: Country Partnership Strategy 2008-2012	Draft for Consultation (March 2008).		2008 (March)
B. Legislative Changes	1. Employment Relations Act 2012	Cook Islands Employment Relations Act 2012	To replace the outdated Cook Islands Industrial and Labour Ordinance, 1964 (NZ) enacted by the New Zealand Parliament before self-government.	2012
	2. Official Information Act 2008	Cook Islands Official Information Act	Information to be available to citizens and civil society.	2008
	3. Public Service Act 2009	Cook Islands Public Service Act	The main stream public service was governed under the Public Service Act 1995-96.	2009
	4. Island Government Act 2012-13	Cook Islands Island Government Act	Like the Island Government Act 20012-13, This bill took over 16 years to be enacted.	2012-13

Source: ADB TA reports & Cook Island Laws, Parliament of the Cook Islands

TA projects such these demonstrates government's inability (lacks technical and human capacity) to carry out systems and functional reviews under the NPM regime as the system is complex. This has drawn public criticisms (Okotai, n.d.).

Given the country's small size with a reduced population, isolation, lack of resources, and the lack of capacity to sustain the NPM system, the Cook Islands is placed in a vulnerable position in terms of conditions imposed by donor agencies, and its dependency on foreign expertise (Larmour, 2002; Warrington, 1998).

Chapter 4 RESEARCH DESIGN AND METHODS

This chapter presents the research design and method selected for the study of people's perceptions of how the government systems function and the outcomes of NPM in post-reform Cook Islands. The research questions of this study were:

1. What are people's understandings of the systems of governance underpinning New Public Management in the Cook Islands from 2006 to 2012?

2. What are people's perceptions of the outcomes of New Public Management in the Cook Islands from 2006 to 2012?

As noted, two data collection strategies were selected to explore these questions: a qualitative approach involving fieldwork in the Cook Islands backed by a critique of literature related to governance and NPM outcomes for the 2006-2012 periods. As noted in Chapter 1, much of the literature and reporting on governance and NPM in the Cook Islands has been quantitative in nature, and were largely focussed on economic outputs (see ADB, 1995; 2002, 2002a; Standard & Poors, 2008; United Nations International Children's Emergency Fund (UNICEF), 2004; Wichman, 2008). There has been little research, if any on people's perception of this phenomenon. In the absence of such discussion, little is known about people's understanding of the NPM processes or their places within these systems, which is the focus of this research.

This chapter is in four parts. The first sets the research design - the philosophical framework and paradigm that guided the study. This framework acknowledges the centrality of the Pacific world view within this system focussed qualitative study. Part 2 presents the data collection method and analysis from interviews; and Part 3 is the rationale and process for the document review. The chapter concludes with a reflection on the fieldwork that was conducted between August and November 2012.

Part 1:   Research Design

Three factors influenced my choice of research design for this study. First, as the aim was to seek peoples' views of their understanding of the systems and the events that occurred after the reforms, a qualitative research approach was required (Clarke & Cresswell, 2008; Creswell, 2013).

Secondly, as the study was exploring the views of the people of the Cook Islands, it was imperative that the research apply a Pacific worldview with a Cook Islands lens. That is, the research was grounded in what is known about the values, beliefs, and practices of the people (Health Research Council of New Zealand (HRC), 2005; Ministry of Education (MOE), 2001). As such, the Cook Islands *Tivaivai* approach was used to ensure a culturally appropriate engagement with the participants (Baba, 2004). The Tivaivai research model was used because this gives prominence to the people's voice as well as sewing together these various voices into this thesis.

Third, I saw the importance of applying a systems approach to the study, which aligns with the concept of governance as a system (Chun, Sohn, Arling, & Granados, 2009). To me, governance and the NPM processes were systems of interrelated and interlocking parts (Kast & Rosenzwieg, 1972). Central to this system was the family-based *Ariki* system (Crocombe, 1964; Karora et al., 2007; Kautai, et al., 1984), which operates alongside the national government-focussed agencies (See Crocombe, 1964; 1971; Henry, 1992; House of Ariki Act, 1966; Ingram, 1992). As discussed in Chapter 2, the NPM regime comprises multiple layers of interactions within the Cook Islands governance structure but at arm's length from the Ariki system. It has also been proposed that the two systems "are antitheses of each other" (Ingram, 1992, p. 154). As such, a systems approach was chosen to gain an understanding of the complex challenges of cooperation, negotiation, collaboration, competition, and co-ordination between government agencies, state agencies, and non-state sectors, against the theoretical perspectives of NPM.

My research design applied a general systems theory (GST) and a systems analysis approach to explore and understand the various roles and the relationships between the 'parts' and the 'whole' of the governance systems in the Cook Islands.

Research Paradigm and Approach

Interpretivism

The word 'paradigm' originates from the Greek word *paradeigma,* which "translates literally as pattern" or "an entire way of looking at the world" (Davidson & Tolich, 2003, p. 26).

The application of a paradigm provides the opportunity for "individual theories to flourish" (p.26) and for generalisations to be made about "what the world is . . . what it is made of, how it works, and how we can know about it" (Davidson & Tolich, 2003, p. 26; see also Neuman, 1997). The core assumption of interpretivism is that reality is subjective rather than objective (Hughes, 1990); it is ". . . what people see it to be"(Sarantakos, 1998, p. 36). In brief:

> interpretive theorists believe that reality is not 'out there' but in the minds of people; reality is internally experienced, is socially constructed through interaction and interpreted through actors, and is based on the definition people attach to it (Sarantakos, 1998, p. 36).

Neuman (1997, p. 68) defines interpretivism as:

> the systematic analysis of the socially meaningful action through direct detailed observation of people in natural settings where the research could arrive at understanding and interpreting how people create and sustain their social worlds.

This definition aligned with this study as the aim was to obtain and interpret people's views of the outcomes of NPM under a diverse governance environment (Cresswell, 2007; Hughes, 1990; see also Patton, 2002; Sarantakos, 1998). Neuman (1997, p. 83) proposes that the value of the interpretive paradigm is to provide a description of how people generate and sustain meaning. Cresswell (2007), Davidson and Tolich, (2003) and Hughes (1990) are in agreement that in the interpretive paradigm, people make sense of their world through creating meaning (through storytelling and writing for example) and sustain these understandings; that people's values are embedded in the context of social interactions and so applying these values are an integral part of people's social life.

This feels right for the participants, because it reinforces that their values and the things they hold dear are not wrong, but different (Davidson and Tolich, 2003).

Qualitative

It is argued that the dialectic world views of quantitative and qualitative paradigms are based on epistemological, ontological, and axiological differences (Davidson & Tolich, 2003; Guba & Lincoln, 1994). Scholars of qualitative research believe that there exist multiple realities, interpreted by individuals in different ways (Bergman, 2008; Sarantakos, 2005). Qualitative research is subjective and uses inductive logic to form a theory (Cresswell, 2003). The aim of the qualitative research method is to explore a phenomenon or build a theory (Newman & Benz, 1998; Sarantakos, 2005).

On the other hand, in quantitative research "reality is objective, simple, and positive. It consists of a sense of impressions; that there is one reality" (Bergman, 2008, p. 13; see also Newman & Benz, 1998; Sarantakos, 1998). In sum, human actions are determined by their social world in the same manner as the naturalistic world is governed by fixed laws – which are subjected to fixed patterns that are empirically observable. It uses deductive logic to confirm or disqualify a hypothesis as a theory (Bergman, 2008). Clearly, this study requires a qualitative approach.

Pacific Approach

Pacific researchers argue that research about, and for Pacific peoples has been dominated by Western philosophies and ideologies (Baba, 2004; Sanga, 2004; Sanga & Niroa, 2004; Smith, 1998).

That, studies have applied Western philosophical "assumptions about the world, societies, human conditions, and their relations with nature which in turn determine the political structures, [social and] economic systems" (Taufe'ulungaki, 2000, p. 11).

Leading Maori researcher, Linda Tuhiwai Smith (1998) writes that the "Eurocentric stories of indigenous societies, viewed through an imperial lens have been accepted as universal truths" (p.37).

She challenges the traditional 'Western ways of knowing' (see Carruth, 2007; Meriam, 2007), indicating that they are inappropriate methodologies of investigation for indigenous societies such as the Cook Islands.

She argues that their ways of knowing have emerged from "a particular cultural, social system that needs to be decolonised" (Smith, 1998, p. 33).

From this perspective, the aim of Pasifika research is to go beyond the Eurocentric assumptions that underpin Western structures, institutions and knowledge, and apply research approaches that honour the Pacific worldview (see Baba, 2004; Fairbairn-Dunlop, 2007; Sanga, 2004).

Sanga and Niroa (2004) further stress that Pacific researchers must develop methodologies from their own "philosophical orientation" (p. 42). Anae (2007) argues that Pacific research should be "owned, driven and directed by Pasifika peoples" (p. 13) and Te Ava (2011) argued that Pacific peoples are the owners as well as the instruments of advanced knowledge of their culture.

Since my research was with the Cook Islands community and given the well documented endurance of the customary ways (Buck, 1934; MOE, 2000; 2002; Crocombe, 1964; Crocombe & Crocombe, 2003; Gill, 1839) the application of a Pacific paradigm was essential.

As noted in Chapter 2, despite the changes, the strength of the traditional values and beliefs is seen in the continuing significance of the Ariki, the importance of family and of customary land tenure, the almost universal use of the Cook Island language, and the place of the church in the daily community life. That the customary resource allocation systems organise alongside and impact on the government systems have been acknowledged by the establishment of the House of Ariki and the Koutu Nui (traditional chiefs) as advisors in decision-making (House of Ariki Act, 1966).

In the framing of my research, there was a presumption that the NPM processes would be influenced by a Pacific world view.

What is the Pacific Worldview?

The Pacific world view has been described "as being holistic in nature, encompassing three inter-connected, and inter-dependent elements" (Fairbairn-Dunlop, Nanai, & Ahio, 2014, p. 5). These are the creator God (spiritual sacred), the natural environment and resources (material), and social (people and community). "Maintaining harmony and balance between these elements is fundamental to [Pacific peoples'] wellbeing" (Fairbairn-Dunlop et al., 2014, p. 5).

The Pacific worldview as described by Tamasese Ta'isi Efi (2007) is . . . "a worldview that understands the environment, humans, the animate and the inanimate – all natural life – as having its sources in the same divine origin, imbued with life force, interrelated and genealogically connected" (p. 13). These elements are "relative and inseparable from the context and the social realities of the Pacific peoples" (Sanga, 2004, p. 45).

The Pacific worldview has been described as holistic, relational (maintaining the balance between the three dimensions) and collective (the good of all rather than individual good) in nature; it views the past, participates in the present (activities), and envisions the future in spirit. The behaviours and expectations in every daily life activity of a Pacific Islander is aimed at maintaining the balance and harmony between these elements. In sum, actions are not motivated (or evaluated) by economic returns only, but by a consideration for the spiritual and social good, and the preservation of resources for the use of future generations is the Pacific Worldview.

The application of the Pacific world view is seen in the honouring of the spiritual (sacred) in daily life events and behaviours such as respect for authority and those of higher status and elders, generosity, humility, reciprocity, and sharing. "…[T]he inseparable dynamics of church and culture, and the indigenisation of Christianity" (HRC, 2005, p. 14) are ingrained in the daily lives of the people of the Pacific (Crocombe 1975; Howe, Kiste, & Lal, 1994).

The relationship between the Creator (spiritual), physical resources (environment) and human (people and social systems) is illustrated in Figure 6.
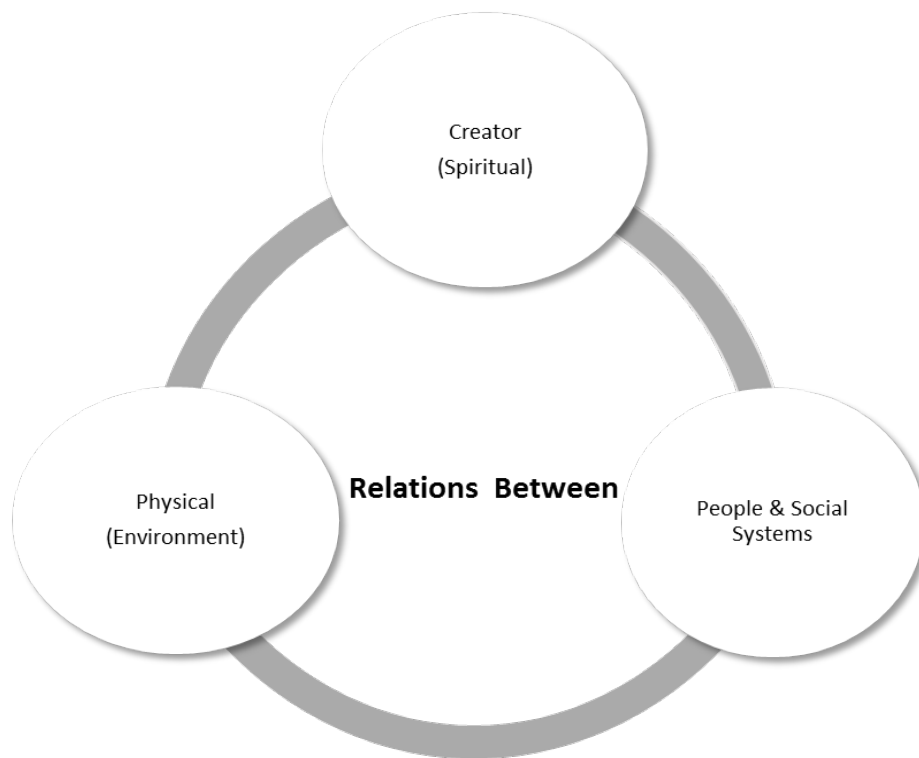
Figure 6.   Pacific Worldview Diagram

In addition to signifying values and beliefs, the Pacific world view also encompasses ways of knowing and how knowledge is shared (MOE (NZ), 2001, p. 13). Gegeo and Watson-Gegeo (2001) note how in Pacific island communities, knowledge is communally constructed; for example, how it is constructed in the many meetings and gatherings of chiefs, elders, and members of the community. The aims or focus of knowledge construction and the decisions made is to ensure the quality of life of all community members. To this end, many sources of knowledge and information are brought together, shared, and debated in these community gatherings.

Pacific researchers have developed research models aimed at drawing on and incorporating Pacific values and beliefs, and applying these communal knowledge construction processes. These include the *Kakala* as a Tongan methodology (Thaman, 2003) and the Samoan *Fonofale* model (Pulotu-Endemann, 2001). For this study, it is appropriate that the Cook Islands *Tivaivai* methodology is used (Carter, Kelly, & Brailsford, 2012).

The Tivaivai Research Methodology – the application of the Cook Islands Worldview

The *Tivaivai* (Tivaevae)[8] research model was developed by a Cook Islands researcher, Teremoana Maua-Hodges (2000). This research model uses the Cook Islands tivaivai as a metaphor for how knowledge was (and is) constructed and shared in Cook Island communities (see Figure 7).

Figure 7.   The Cook Islands Tivaivai Quilt

Just as the *ie toga* are the valued cultural wealth of Samoa and the *tapa* in Tonga, the *tivaivai* quilt is the prestigious cultural wealth of knowledge of the Cook Islands (Kuchler & Eimke, 2009; Te Ava, 2011). The *tivaivai* are the goods used in presentations and exchanges at significant life cycle events such as weddings, which in turn nurture and remind the family of kinship and ties that binds them. Most usually, the production of the *tivaivai* involves the work of a group of women. These are not completed individually, but as shared tasks (see Rongokea, 2001). Whereby women come together to support each other in this intricate task. As they sit, women share their stories, views and concerns, hopes and dreams, and these are woven together into the tivaivai.

Hence, the Tivaivai methodology symbolises the collection of people's ideas and views from the wider community and bringing these ideas together to make decisions. The *tivaivai* model signifies a mingling, testing, sharing of knowledge and information, and decisions made. In sum, the *tivaivai* metaphor depicts the Cook Islands pattern of communication, where information and knowledge is passed through observation, the exchanging of ideas, sharing of knowledge, and applying these ideas in practice (MOE, 2002; Crocombe & Crocombe 2003; Gill, 1839; see also van Manen,1997, p. 8). Kuchler and Eimke (2009) argue that the quilting of *tivaivai* is "an important key to understanding the relationship between conversion and reorganisation of society" (p. 27). They stress the metamorphosis of "both the material [tivaivai] and the social history of the tivaivai [which] bring[s] to light the transposition of the social nexus,...onto a material nexus" (p. 27). They describe the *Tivaivai* methodology as signifying the gathering of information and materials from various sources for a common objective. The production of "the tivaivai depicts the visual analogy of personhood and society that is sewn into relationships, allegiances, friendships and kinship which forms the basis of the Cook Islands society" (Kuchler & Eimke, 2009, p. 29). As a research methodology, the *Tivaivai* is qualitative and based on the Pasifika philosophy of 'human nature' or world view (see Sanga, 2004).

Te Ava (2011) identified three key methods in the *Tivaivai* (Tivaevae) research model. These were: 1) *koikoi* (refers to the gathering of materials - in this case the collection of peoples voices through interviews and surveys)*,* 2) *tuitui* (refers to the stitching and sewing of patterns onto the selected background material)*, and* 3) *akairianga* (refers to the displaying, evaluation and the offering of the tivaivai to individuals or the community). In the tivaivai research model, the input and the sharing of knowledge by participants are brought together by the researcher. The participants become the *ta'unga*[9] (expert of knowledge) and are placed ahead of the researcher, who becomes a learner - a student *(api'i).* The researcher (*api'i*) learns from the participants (*ta'unga*), then brings together the views gained from the conversations into the research (see Hughes, 1990; MOE (NZ), 2001). It is important to note that under the Tivaivai research approach the researcher learns from the participants, who are the custodians of the knowledge shared.

A Community Advisory Committee

As I am not of Cook Islands ethnicity, it was essential that I enlist the support and guidance of an advisory type group to provide advice on the appropriate traditions, protocols, and cultural practices of the Cook Islands (HRC, 2005) to assist me sew the strands of knowledge and information I gathered into the *Tivaivai* product (Maua-Hodges, 2000; Te Ava, 2011) – which in this case, is the thesis. As outlined in my ethics application the interview could be conducted in English or the Cook Islands Maori.

I also knew that "community checks [must be put]. . . in place" (MOE, 2001, p. 17) to avoid the danger that "Pacific researchers are sometimes perceived by Pacific Island communities as an elite group" (MOE, 2001, p. 17). In sum, the Community Advisory Committee (CAC) would provide advice on cultural ethos and cultural appropriateness (Davidson & Tolich, 2003; HRC, 2005) and to safeguard the interest of the researcher, whilst protecting the participants from individual and collective harm (HRC, 2005). The CAC would ensure that community members were aware of the research; this has importance, because community members are the owners of knowledge they share with the researcher (Anae et al., 2002a). Establishing an advisory group also conforms with the research guidelines for conducting research with Pacific peoples (MOE (NZ), 2001). Hopes were that the proposed CAC members would include community representatives, NGOs, traditional chiefs, and academics.

Systems Approach

The third factor influencing my research design was my view that the NPM involved and required actions by and across a broad range of agencies including government ministries and departments, state owned enterprises, private sector, civil society, and the traditional House of Ariki and Koutu Nui. The Cook Islands' relationship of free association with New Zealand added another dimension to be taken account in the visioning and implementation of the NPM system, and the new governance processes as did its relationships with other donor agencies.

As noted in Chapter 2, I viewed the activities and the environment in which NPM is embedded as a system. Thus, my research would require gaining the views of people

representing various organisations such as those working in central government agencies[10], line ministries[11], Crown agencies (such as state owned enterprises)[12], island councils[13], the private sector, the House of Ariki and Koutu Nui, and the voluntary sector organisations. These were the 'components' that comprise and contribute to the 'whole' of the Cook Islands governance system. Donor and international agencies also played key roles in the design, implementation and the outcomes of NPM in post reform Cook Islands. In addition, NPM comprises various economic theories and management concepts.

I saw the value in systems theory approach in contextualising these theories and concepts in terms of the public sector reform programmes that took place in the Cook Islands. The influence of NPM theories and concepts would be better understood from a holistic perspective rather than studying the individual parts to understand the whole (Chun et al., 2009).   As proposed by Funnell and Cooper (1998, p.87), "systems theory (has) been given considerable prominence in new public management to unite the various programs of reform". It has also gained popularity in recent years in researching the theory and application of NPM (see Gruening, 1998; Kast & Rosenzwieg, 1972).

The term *system* is derived from the Greek word *synhistanai,* which translates as "place together"(Capra, 1996, p. 27) the parts, and the whole (Kast & Rosenzwieg, 1972). From the theoretical perspective, *system* refers to the conceptual organisation of parts, and the whole unit interacting in an open environment for a purpose, with feedbacks (Johnson, Tsiros, & Lancioni, 1995; Kast & Rosenzwieg, 1972). Theory "is a way of looking at the world and making sense of it" (Crotty, 1998, p. 8). It is a body of knowledge that encompasses certain aspects of "how we know what we know" (p. 8). Theory, in essence, is an abstract view of a complex situation narrowed down to a conceptual perspective. Conceptually, a system has been described as a complex web of "physical, biological, personal, and social components which are in a specific relationship by reason of cooperation of two or more persons for at least one definite aim" (Barnard, 1938, p. 65).

Scholars suggest that threads of systems theory began to emerge as early as the 1800s (Laszlo & Krippner, 1977; Miller, 1965).

In the 1940s, biologist Ludwig von Bertalanffy, who is acknowledged as the father of systems theory developed the General Systems Theory (GST) based on biology as a living organism that could adapt to changing situations and evolve (Bertalanffy, 1969; Heylighten & Joslyn, 1992). Bertalanffy was reacting "against reductionism" and aimed to "revive the unity of science" (Heylighten & Joslyn, 1992, p. 1). Bertalanffy's concept was that real systems are open systems and that "they are open to and interact with their environment" (Heylighten & Joslyn, 1992, p. 1). Open systems could adapt, evolve, and acquire new properties, not necessarily returning to the original state (Bertalanffy, 1969).

As explained by Johnson et al. (1995), "two of the central themes of general systems theory are: the interaction of subunits within the system and the interaction of the system with its environment" (p. 8). Heylighten and Joslyn (1992) defined systems theory as:

> the transdisciplinary study of the abstract organization of phenomena, independent of their substance, type, or spatial or temporal scale of existence. It investigates both the principles common to all complex entities, and the (usually mathematical) models which can be used to describe them (p. 1).

Kast and Rosenszwieg (1972) identified six tenets of systems theory: 1) open environment, 2) purpose, 3) interrelated sub-systems, 4) input-transformation-output process, 5) feedback, and 6) homeostasis. In this context the word 'system' is used to refer to a self-regulating entity that could correct itself through feedback, interacting with other parts and the whole within and outside of its environment (Laszlo & Krippner, 1997).

My study follows the view of Chun, et al., (2009) that "systems theory and systems thinking focus on the relationships between parts and the properties of the whole, rather than reducing the whole to its parts and studying their individual properties" (p. 2). It is the relationships between the parts of the system and the properties of the whole of the governance system in the Cook Islands that is the focus of this study.

Figure 8 demonstrates the conceptual framework of the general systems theory (GST) where there is the process of inputs, transformation, feedback and outputs.

Systems Theory Framework
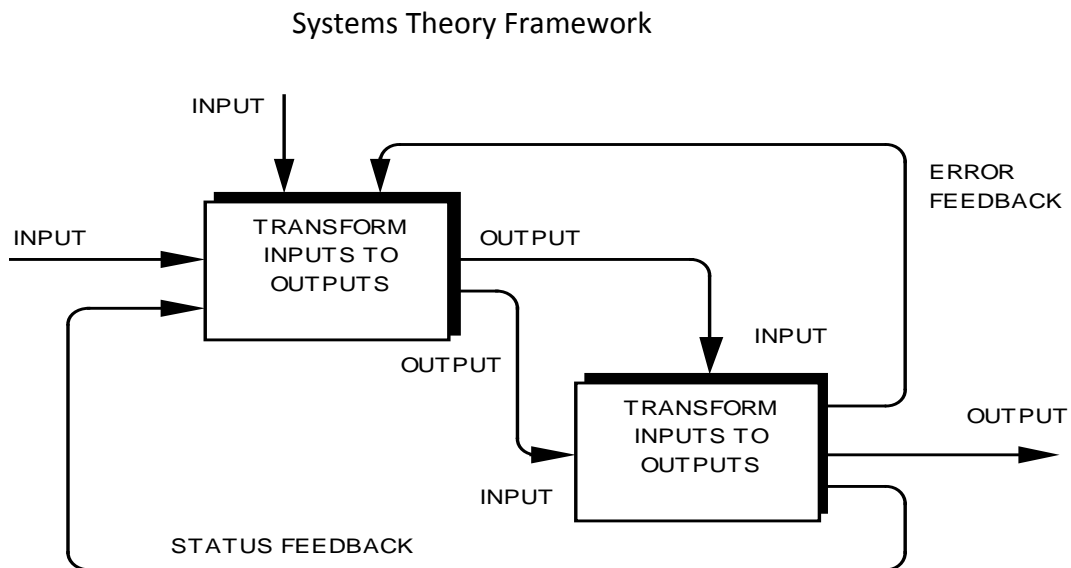
Figure 8.   Conceptual Framework of Systems Theory

Systems Analysis

Systems analysis refers to the application of systems theory in the study of systems; whether the study is conceptual or concrete. Systems analysis has been defined as a way of knowing the system from a broad perspective in order to learn about the behaviour, structures, occurring patterns, and the feedback cycles in the system (Heylighten & Joslyn, 1992). In the same way, systems analysis can be used to examine an organisation's behaviour in a holistic manner, in order to make informed decisions (Kast & Rosenzwieg, 1972).

In terms of the public sector reforms, ". . . Systems theory [has] been given considerable prominence in new public management to unite the various programs of reform" (Funnell & Cooper, 1998b, p. 87). Public administration[14] is viewed as an open system, because it does "not exist independently of [its] environment" (Funnell & Cooper, 1998b, p. 87). It is a dynamic system that interacts with its environment, adjusts to internal influences, and responds to external forces.

Thus, public administration resembles a living organism that can be constantly influenced from within, such as pressure from "interest groups" (Rhodes, 1997, p. 29) and from the outside, such as influences from aid donor agencies (ADB, 1995) or from

"external shock" (Funnell & Cooper, 1998b, p. 90), such as the global economic crisis. As a living system, public administration could adapt (Toffler, 1985) and respond to changes within and outside of its environment (Funnell & Cooper, 1998b). For instance, the public sector reform in the Cook Islands in the mid-1990's was influenced by a combination of factors: 1) the country over borrowed from the international community and could not repay its debts, 2) poor internal fiscal management coupled with an over bloated public service, 3) the down turn in the global economy in that period which reduced visitor (tourist) numbers, and 4) donor influences in introducing neoliberal reforms in the Cook Islands.

Figure 9 diagram demonstrates the conceptual framework of the processes in an organisation. It illustrates policy influences, the inputs, the processes, the outputs and the feedback which influences the outcomes. The conceptual approach to governance diagram is similar to the working of governance systems in the Cook Islands where multiple factors influence the NPM outcomes.
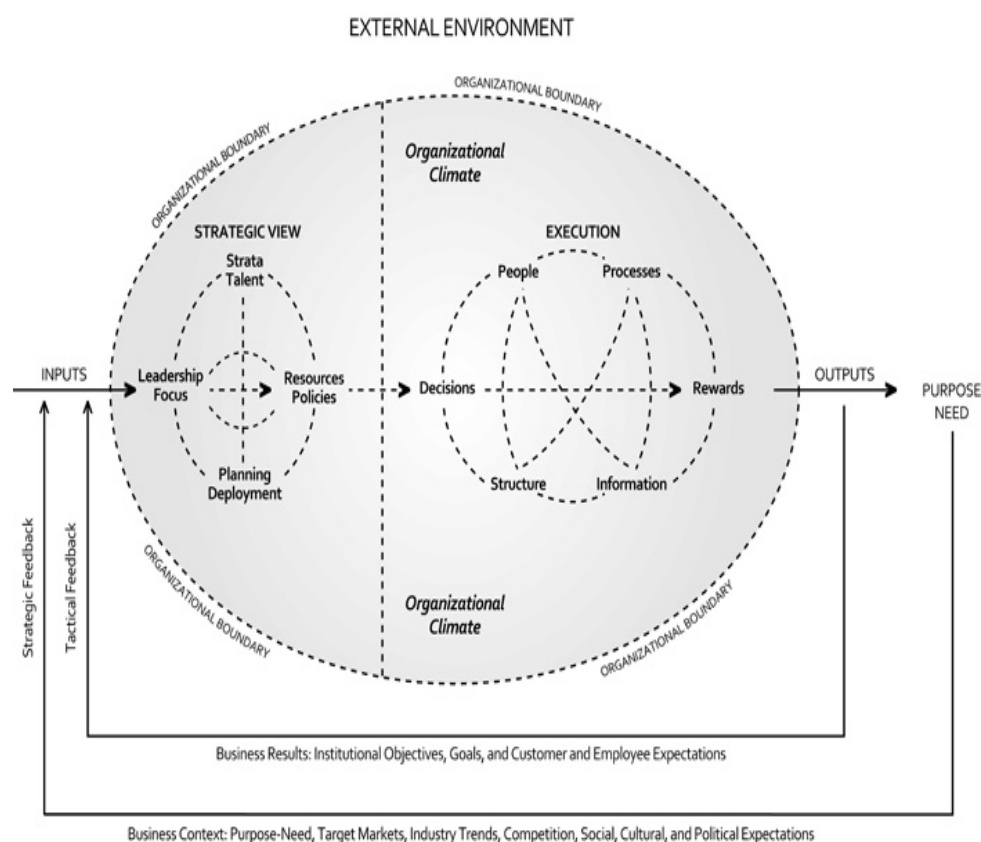
Figure 9.   Systems Framework of Governance

Source: Adopted from Breckenridge Centre for Management Consulting

Part 2: Research Methods

Part 2 presents the research methods for the qualitative fieldwork (study 1). Initial aims were for individual interviews. However, due to time constraints in the field and the availability of participants, I decided to carry out surveys with some key informants. These surveys were open-ended questions and answers to maintain the qualitative nature of the study.

Interview Schedule

Drawing on my observations and the literature, I prepared an open-ended interview schedule aimed at addressing the research questions.

An open-ended interview schedule gives greater freedom of expression to participants when discussing a complex situation or when discussing an issue that is 'less known' (Davidson & Tolich, 2003, p. 240), such as the phenomenon under study (Polonsky & Waller, 2011; Van Manen, 1997). The interview schedule was in four parts: 1) the NPM system, 2) the island government system, 3) the Ariki family-based system, and 4) systems of governance in the Cook Islands. A draft was piloted as suggested by Gillham (2005) to expose the researcher to reality and make the researcher adjust the materials to the real situation to be experienced in the field. The draft was piloted with a colleague who is a traditional leader, but has held several positions in government at a senior level in the Cook Islands and at an overseas university in the past. Suggestions made were incorporated into the final Interview Schedule (Appendix 5).

Data Collection

Interviews

In-depth open-ended interview was selected as the main data collection method, as this type of questions gave freedom to participants to express their views (See Davidson & Tolich, 2003) and are a valid and efficient way of investigating participants' experiences and their perspectives of a phenomenon (Robson, 2011).

Open-ended interviews enabled a deeper probing of the governance systems and the intricate relationships between the national government systems and other decision making bodies (see Davidson & Tolich, 2003, pp. 240-243; Patton, 2002).

Individual interviews were also appropriate to the Cook Islands context. Cook Islands researchers propose this as the preferred research method in a stratified society (such as the Cook Islands) where power dynamics exist (Crocombe & Crocombe, 2003; Ingram, 1992; Jonassen, 2003; Karora et al., 2007). Their views are that one-on-one interviews have the potential to eliminate the influence of power dynamics between people of different ranks, attitudes, and gender.

Face to face discussion also fits the Cook Islands communicating styles of coming together to discuss issues and to put these issues into practice (Crocombe, 1975; Karora et al., 2007). Given the scattered and a mobile nature of the population, individual interviews were also more easily arranged than focus groups, for example.

Purposive Sampling

The purposive sampling method was used to align the sources of information to the purpose of my study (Robson, 2011). The aim was to gain as wide a spectrum of views as possible. I decided to interview up to 20 participants, who were or had had involvement in government and the NPM processes before, during and/or, after the public sector reform begun in 1995/96. Aims were to get representation by agency (i.e., government, private sector, NGO, Ariki), gender, and location (urban and outer island). Although over 72% of the population live in Rarotonga, most maintain close ties with their home islands from their Rarotonga base: they represent their home islands in cultural activities and organisations, and play a key role in the management of island affairs. So it was expected that more participants would be based on Rarotonga. The selection of the 20 participants was based on one or more of these criteria.

a) there be an equal number of male and female participants spread across the three main sectors (public, private, voluntary) and where possible equal

number of participants from the urban center (Rarotonga) and rural outer islands.

b) participants be selected by the organisation they belong to and by designation, rather than as individuals, in order to avoid biases in the selection process.

c) participants be individuals, who were employed as civil servants or who held positions of authority in the Cook Islands prior to and during the 1995/6 reform years, and thereafter, from 1997 to 2012, or

d) participants be employed or who had held positions of authority in the private or voluntary sectors in the Cook Islands prior to and during the 1995/6 reform years, and thereafter, from 1997 to 2012, or

e) participants have lived in the Cook Islands prior to, and during the 1995/6 reform years, and thereafter, from 2006 to 2012.

The last criteria (e) was provided to include people who may have qualified under (a) and (b) but had moved overseas after the reform (see Alexeyeff, 2008), then returned to the Cook Islands in the research period between 2006 and 2012 (see CISO, 2006b, 2012). In the Cook Islands, and other small island communities, it is not unusual for people to engage in multiple tasks ('wear many hats') and to play multiple roles at the same time. For instance, people may be employed in the public service, have an interest in the private sector, fulfil their chiefly duties, and participate in NGOs' activities. For the purpose of this study, participants were selected from their current employment positions or designated posts (paid or unpaid) in their home island communities (see Table 7).

Recruitment

The recruitment of participants had to be finely timed, because the Cook Islands comprise many geographically scattered island communities and its population is known to be one of the most mobile in the world (ADB, 2002a; CISO, 2012; Secretariat of the Pacific Community (SPC), 1999). Travelling to all the rural communities was not an option and so I timed the fieldwork to coincide with the *Maire Nui*[15] festival that was held between 29 July and 4 August, 2012 in Rarotonga.

Priority was given to gaining a good sample of participants from the outer islands, who had come to Rarotonga for this event. The purposive sampling method was used to compile a list of 23 participants, who fitted the criteria.

To avoid putting pressure on the participants, invitations to participate were hand-delivered by a third party. Enclosed with the letter of invitation were Participant Information Sheets (PIS) and Consent Forms (CF).

Those who were interested in participating were asked to contact the researcher at their convenience to arrange a time and to nominate a venue of their choice for the interview. Of the 23 invitations sent 20 accepted the invitation to participate. Fortunately, six of these were from the outer island islands and so arrangements were quickly made for the interviews before the boat and scheduled flights departed.

As seen in Table 7, the selection of participants covered a wide range of representatives from the public sector including civil servants, legislators, Island Administrators, Island Government representatives, members of the House of Ariki and Koutu Nui, and the Private sector, NGOs, and civil society. Almost equal numbers of females (9) and males (11) participated in this research. Two other females were part of the key informants that contributed to this study.

What is seen also is that interviews were conducted at the Ministry of Cultural Development's conference room. Some others were conducted at locations where it suited the participants. For instance, seven of my participants were interviewed at their offices during their lunch breaks, as they did not want to leave their offices due to their tight schedule of appointments that week.

One interview was conducted at the participant's residence as she felt comfortable there, one was conducted beside a children's playground where the participant was 'babysitting' during a lunch break and another was conducted outside a restaurant, which was the participant's workplace. One other interview was conducted at my home during the weekend, as it was much quieter than the participant's place of work or his home, and five others were interviewed at the University of the South Pacific, Rarotonga branch premises.

Table 7 sets out the participants profile by order of invitation issued. The table lists the sector the participants represent, job title, gender, locations where the interviews were conducted and the type of interview. To protect their identity, the participants were given code numbers (Table 7).

Table 7. Participants profile and interview detail

Code	Sector	Post	Male/ Female	Place of interview	Individual/ Group Interviews
P1	House of Ariki	Anonymous	Male	Office of Participant	Individual
P2	Koutu Nui	Anonymous	Female	Home of Participant	Group
P3	Central Agency	CEO	Female	Office of Participant	Individual
P4	Island Administration	Secretary	Male	Children Play Ground	Individual
P5	Legislature	Member of Parliament	Female	Ministry of Cultural Development	Individual
P6	Legislature	Anonymous	Male	Office of Participant	Individual
P7	Private Sector	Ex-President	Male	Ministry of Cultural Development	Individual
P8	Central Agency	ADB local Consultant	Male	Island Admin Conference Room	Individual
P9	Central Agency	Director	Male	Office of Participant	Individual
P10	Line Ministry	Secretary	Female	Ministry of Cultural Development	Individual
P11	Private Sector	Manager	Female	Outside Place of Work	Individual
P12	Legislature	CEO	Male	Researcher's Residence	Individual
P13	Ministry of Education	Principal	Female	The University of the South Pacific, Rarotonga Branch	Group
P14	Island Administration	Secretary	Female	The University of the South Pacific, Rarotonga Branch	Group
P15	Non-Government Organisation	CEO	Female	Office of the Red Cross	Individual
P16	Public Service	Government Social Worker	Female	The University of the South Pacific, Rarotonga Branch	Group
P17	Private Sector	Former Island Mayor	Male	Ministry of Cultural Development	Individual
P18	Island Government	Mayor	Male	The University of the South Pacific, Rarotonga Branch	Group
P19	Island Government	Government Representative	Male	The University of the South Pacific, Rarotonga Branch	Group
P20	Judiciary	Secretary	Male	Office of Participant – Justice Department	Individual

While aims were for individual interviews, six participants said they would prefer to have other people present (Table 7: last column). In these cases, I welcomed the principal participant and those accompanying them to the interviews and asked them to sign the Consent Forms (Appendix 6) and the Confidentiality Agreements (Appendix 7).

These gave consent to others to speak at the interviews if they so wish and secondly, to protect each participant from sensitive information that may be passed to the researcher. All six participants agreed to this process.

In the interview, it was observed that those who accompanied the principal participant were observant, attentive, and only responded when questions were directed to them by the principal participant.

Out of the twenty participants, seven wanted me to bring my wife, who is a Cook Island Maori, along for the interviews. Five of these participants (P13, P14, P16, P18, P19) were from the outer islands and two (P2 & P11) who originated from the outer islands but live on Rarotonga.

This request was made because the participants felt if they did not adequately comprehend the questions that I might pose, my wife could interpret or explain to them in the Cook Island's Maori language. I agreed to bring my wife along on these occasions as a gesture of respect for the participants (HRC, 2005).

Key informant surveys

As noted a small group said they didn't have time to be interviewed, but would be happy to answer specific questions sent by email. Therefore, I prepared a survey questionnaire for this group (see Appendix 8).

The survey was not for the purpose of testing the *validity* of a situation, but to *explore* the views of key informants to provide information that would contribute to the study (Lincoln & Guba, 1985; Potter, 1996; Sokolowski, 1999).

Kumar (1989) highlights the value of the survey to collect information from individuals, who have in-depth knowledge of the phenomenon being studied or an understanding of the community in which the study is conducted (see also Davidson & Tolich, 2003). While the twenty participants interviewed did provide multiple viewpoints during the interviews, I noted and reflected on points that had not been well covered. These were compiled into an open-ended interview questionnaire survey (Appendix 8).

The inclusion of the survey as a data collection tool aligns with what Davidson and Tolich (2003) have said: the "research should always be tailor-made" (p. 128). As argued by (Lincoln & Guba, 1985) key informants are the representatives of the sector and the society they represent and thus, their views reflect the views of others they represent. Table 8 contains the list of key informants who were surveyed.

Table 8.   List of Key Informants Surveyed

Code	Sector	Gender Male/ Female	Mode of Communication	Type of Survey
S1	Private	Male	Email	Qualitative
S2	Legislature	Female	email	Qualitative
S3	Non-Government Organisation (NGO)	Female	email	Qualitative

In the interpretation of data, participant interviews and survey data were put together whereas when views expressed by key informants were different from those interviewed these views were disaggregated. The survey data added much value to the study as seen in the data analysis and the discussions.

Data Review

Throughout the study, I continually reflected on the data as they were collected. I also transcribed the first six interviews myself and this gave me tremendous insights as well as provoking new questions.

Although the transcriptions took a great deal of time, these gave me the chance to absorb what the participants were saying, and how they shared the meanings of their experiences (Cresswell, 2007; see also McCaslin & Wilson, 2003; Mohd Hashim, 2010; Moustakas, 1994). This method brought me closer to my participants as I carefully listened to "how [they] describe their experiences . . . " (Patton, 1990, p. 105). In this way, I was able to make sense of their world (Patton, 1990; Van Manen, 1990). The themes emerging from the data analysis were discovered through this process.

Once data was transcribed, I also read and re-read these many times to draw out the key themes emerging from the data. The themes were not only drawn from the words said or the terms used, but from the words unsaid and from the body language impressions during the interviews. I followed the interpretive procedures suggested by Radnor (2001). A similar process was carried out with data collected from the three key informants surveyed. These surveys were together with the interviews categorised and loaded into the NVivo 10 software program.

NVivo 10 Program

The NVivo 10 software program is a qualitative research tool developed by qualitative researchers to process qualitative data (Bazeley, 2007; Lavery & Butler 2012). Lavery & Butler (2012) argued that the computer has the capacity to record, store, and generate qualitative data, but the analyses and outcomes are dependent on the researcher. In order to set up the research project in the NVivo 10 database, a blank document file was created and given a title. The blank document file serves as a journal to record raw data and to keep an on-going record of "questions, ideas, and reflections on the project" (Bazeley, 2007, p. 24). The following is the description of how NVivo 10 software program was used in the interpretive qualitative data process.

At the initial stages of creating tree nodes, I used my two research questions as the basis to create three main category nodes: one for the systems of governance in the Cook Islands and the other to capture the outcomes of NPM. The third node was created to hold data on constraints that may emerge from the interview transcripts. Constraints expected to emerge from the interviews were the frequency of transportation to the outer islands, low human capacity, a small market, and isolation from the main transport routes which could diminish return on investments in the outer islands.

As the review of the interview transcripts progressed five new themes emerged:

1) Interrelationships, 2) positive development, 3) uncertainty 4) systems dynamics and 5) critique of the government system. The sixth node entitled 'great quotes' was created as a supplementary folder to hold quotes that could be used in the findings.

As the review continued, four new sub-themes emerged from tensions in the system. These sub-themes were then placed under the main interrelationships theme, comprised of relationships between: a) central government agencies and the House of Ariki, b) central agencies and island governments, c) line ministries and central agencies, d) the House of Ariki and Koutu Nui, and e) great quotes (emerging from the interrelationship theme). NPM sub-nodes were created as new ideas emerged. These sub-nodes comprised of: a) positive outcomes, b) negative outcomes, c) other outcomes and challenges, d) critique of NPM, and e) great quotes (emerging from the outcomes of NPM).

The next step was to review the survey data to see if there were similarities that could be grouped together under the nodes that have been created from the interviews. However, it was found that some parts of the survey questions were specific and new to the topic under study and therefore these data were kept in separate folders. In the NVivo 10 software program three folders were created to record and store survey data when data was received. After review, the data was imported into the folders created in the computer program earlier. From the data review, five main themes emerged and tree nodes were created in the computer to categorise these data, based on the five themes: 1) collectivism and individualistic society, 2) ethnicity, racism, and nationalism, 3) systems integration, 4) positive development, and 5) challenges.

After organising the tree nodes and categorising the interviews and survey data, I went back to the original interviews and the survey data to review the transcripts. From the review of the transcripts, I identified and highlighted relevant phrases, sentences, and great quotes which I dragged from the source to the designated node categories without losing the original contents (Gibbs, 2007).

As mentioned earlier, the survey data that were similar to those obtained from the interviews were incorporated to form part of the primary data analysis and findings. The remaining new data were separated in the analysis and findings (Chapter 6).

Part 3:   Document Review

The purpose of the document review was to seek views expressed by people and organisations other than from my primary source (interviews and key informant survey).

This approach opened up windows of opportunity to gain aspects of views expressed by various people and organisations, not necessarily Cook Islanders (e.g. donor agencies and academics) looking in from the outside.

This approach was designed to reflect on what was said and written about the phenomenon I was investigating. Findings from these documents together with findings from the interviews and key informant surveyed contributed to this thesis.

Content (document) Analysis

Content analysis involves the analyses of documents relevant to the study (Bowen, 2009) and is essential in "interpreting people's attitudes, values and behaviour from content of texts" (Davidson & Tolich, 2003, p. 348).

This method draws out themes or patterns in the text in order to describe or explain the meaning behind the words (Williams, 2007). Berelson (1952) defined content analysis as "a research technique for the objective, systematic, and quantitative description of manifest content of communications" (p.74), whereas Leedy and Ormrod (2001, p. 155) defined content analysis as "a detailed and systematic examination of the contents of a particular body of materials for the purpose of identifying patterns, themes, or biases" (see also Williams, 2007, p. 69).

These definitions are useful in the content analysis as the selected documents were systematically and thoroughly examined for patterns, themes, or biases that may implicate the topic under study. These patterns, themes, or biases are analysed and the findings are highlighted in Chapter 8. Palmquist (1980) discusses two types of content analysis: a) conceptual analysis, and b) relational analysis. Conceptual analysis aligns the content of the documents with research questions to determine if there is positive or negative aspect of the issue communicated in the content of the document.

Relational analysis, on the other hand, builds on conceptual analyses by examining the relationships among the texts (Palmquist, 1980). Hsieh and Shannon (2005) listed three types of content analysis: 1) conventional content analysis, 2) direct content analysis, and 3) summative content analysis. According to the same writers, "conventional content analysis is generally used with a study design whose aim is to describe a phenomenon" (p. 1279), whereas direct content analysis is used to "validate or extend a theoretical framework or a theory" (p. 1281). The conventional content analysis studies the texts in the documents and interprets the contents (Babbie, 1992; Catanzaro, 1998; Morse & Field, 1995). In the conventional content analysis approach, "researchers avoid using pre-conceived categories" (Hsieh & Shannon, 2005, p. 1279; see also Kondrachi & Wellman, 2002) to organise data, whereas the goal of direct content analysis method is "to validate or extend conceptually a theoretical framework or theory" (Hsieh & Shannon, 2005, p. 1281).

As described by Kickey and Kipping (1996), the direct content analysis approach is more structured than the conventional approach. On the other hand, the summative content analysis approach is the quantification or counting of the frequency of words used in the text as a starting point that leads to the study of the meaning of the text. It is not the frequency of the words that is of relevance to the qualitative researcher, but rather how the words are used in the text to give meaning is the objective for the word count. The word count is the starting point for the summative content analysis method, but the analysis goes beyond mere word count, and that is to give meaning to the words in the texts that make it qualitative (Kondrachi & Wellman, 2002).

For summative content analysis, "the focus is on discovering underlying meanings of words or content" (Hsieh & Shannon, 2005, p. 1284). Summative content analysis method can be used to "identify the intentions, focus, or communication trends of an individual, group, or institution" (Berelson, 1952, p. 74). For this study, both 'conceptual' and 'relational' methods of analysis were used to align the content of the documents with the research questions. These were the methods that built on the conceptual framework of the text by examining the relationships among the texts in order to interpret the contents of the documents.

In addition, the 'conventional' content analysis approach was used to describe the topic being studied in the text and the direct content analysis method was used to validate the data (Busha & Harter, 1980; Hsieh & Shannon, 2005). On the other hand, the 'summative' content analysis approach was used to relate the content to the primary data analysis (Hsieh & Shannon, 2005).

These methods were used in this study, because the documents under examination were distinct and different in context, but all related to the topic under study. The findings obtained from these methods of analyses gave credibility and trustworthiness to the primary data analysis and findings obtained from the interviews and the survey (Busha & Harter, 1980; Hsieh & Shannon, 2005). As the focus was to analyse authentic documents relating to the phenomenon being studied both 'conceptual' and 'relational' methods of analyses were chosen. It was essential to discover the underlying meaning of the words in the texts that relate to the topic of my study. The conceptual and relational methods were used to align the contents of the documents with the research questions.

I also chose the conventional content method of analysis to describe and interpret the contents in the texts (Babbie, 1992; Catanzaro, 1998; Morse & Field, 1995). The summative content analysis method was used to relate the content and the interpretation of the texts to the primary data of the study (Kondrachi & Wellman, 2002). The direct content analysis method was used in this study to validate and collaborate the findings in the documents with findings from the interviews and survey. The document analyses and findings are presented in Chapter 7.

Sources of Secondary Data

In preparation for my fieldwork, I searched the libraries at the AUT University Library, thesis link, google scholar, SPC website, Prism, and the New Zealand Library online to acquire documents that were relevant to my study. Participants also informed me of other secondary sources of data including books, articles, and stories written by known Cook Island writers and researchers about the Cook Islands' history, political system, social-cultural traditions, religious practices, and the economy.

Many of these are hard copies and were not usually made available to the public at the public libraries or online in electronic form. However, under the Cook Islands Official Information Act of 2008, public information could be released to the public, on application. As part of my fieldwork, I searched the internet, public libraries in New Zealand and in the Cook Islands, the Cook Islands daily newspaper articles, and accessed the Cook Islands News database (Figure 11).

I also searched in Parliament library for copies of legislation, collected hard copy reports from key ministries and government agencies, access statistical and census data from the internet and at the Statistics Office in Rarotonga, and obtained permission from Cabinet services to access Cabinet Minutes (CMs) to answer my research questions.

The Cook Islands News (CIN) is a privately owned media company in the Cook Islands. The Managing Director agreed to allow me access to the CIN 'basket knowledge' data base when I made the request. A table and a computer workstation were provided for my search work. I was given a password and a username to access the files written by reporters and individuals as far back as 1995 (the starting period in which the comprehensive public sector reform programme was undertaken).

The main aim was to gain access to the electronic articles in the database that could lead me to government and non-government policy documents, names, and references made to policy matters, legislation, and public debates relating to the topic of my study. Almost three to five hours each work days was spent accessing, searching for secondary data, and downloading articles relevant to this study. Figure 11 shows the researcher accessing and searching for data in the Cook Islands News (CIN) head office in Avarua.

Although I was not able to locate and collect every one of the materials, I sourced and examined over 50 documents - including policy papers, government reports, copies of legislation, statistical data records, census reports, donor agency reports, international agency reports, cabinet minutes, reports from NGOs, and articles from the media fraternity.

Figure 10. Researcher at the Cook Islands News Office in Avarua

Source: Photo taken by Matiu Workman, courtesy of Cook Islands News, 6 October 2012

In the Cook Islands News database, I searched for information relating to: 1) traditional leaders and traditional institutions, 2) the relationships between modern government and the traditional Ariki system, 3) governance issues – including issues relating to central government agencies, line ministries, state institutions, and the existing relationships between central government on Rarotonga and outer island governments, 4) internal transitional migration (outer islands to Rarotonga) and outward migration (Rarotonga to overseas destinations), 5) individual's comments on government's role and its social and economic policies, 6) ministerial press releases that relate to the topic of my study, 7) specific outcomes of the new public management regime, 8) tensions, collaborations, competition, and cooperation within government under the NPM regime, 9) issues relating to New Zealand and the Cook Islands' 'free association' status, 10) debates and issues relating to the incremental reforms that had taken place thereafter the reform years, and 11) issues relating to the robustness of governance in post-reform Cook Islands.

Out of over two hundred documents and reports that have been reviewed, ten have been selected for content analysis. These documents are listed by Category in Table 9.

Table 9.   Documents and Reports selected for Content Analysis

Document	Content or indicators	Source
A. Legislation Cook Islands Constitution Act 1965 Part 1, Clause 8-11B	Legislations governing the Cook Islands sovereignty	Parliament House
House of Ariki Act 1966	Subsidiary Law governing the Traditional family based *Ariki* system	Parliament House
Island Government Act 2012-13	Subsidiary Law governing Island Governments	Parliament House
Public Services Act 2009	Subsidiary law governing the operation of the public service	Parliament House
B. Policy Documents Cook Islands Public Financial Management Performance Report and Performance Indicators	An Assessment of the Financial Performance of Government Ministries and Agencies: The report was prepared by the Central Agencies with the help of Consultants	Office of the Prime Minister, Ministry of Finance & Economic Management & the PS Commission
PSC Employment Policy 2009	Central Agency Policy governing Public Sector Employment through the devolution of authority to Heads of Ministries	Office of the Public Service Commissioner
C. Donor & International Agency Reports Asian Development Bank (2010). Functional Review Report	External Evaluation Reports on Public Sector Reforms by Yeoman & Associates, and Asian Development Bank	Public Service Commission
Smith, S.E. (2010). Unchartered Waters: Has the Cook Islands Become Eligible For Journal Membership of the United Nations?	Journal Article: Research on Cook Islands & New Zealand's relationship	University of Otago Faculty of Law. NZ Public & International Law
D. Statistical Data Analysis Pre-Election Economic & Fiscal Update (October, 2010)	Pre-Election Statistical Indicators as baseline for new Executive Government (as a starting point)	Ministry of Finance & Economic Management

Sources: Cook Islands Parliament, MFEM, PSC, MFAI, CISO, OPM (Island Administration) and official Cook Islands Government websites

Some of the source internet engines used to search these documents were Prism, Google Scholar, AUT library, Cook Islands Government websites, the Cook Islands News website, ADB website, UNDP and UNESCO websites, and the New Zealand Government websites.

Selection

The selection of the documents were based on these criteria: 1) the whole document must be relevant to the study of governance and the public sector reforms in the Cook Islands, 2) the documents must be authentic, 3) parts of the document must relate to

the phenomenon under study, and 4) except for legislation, where possible, the dates of the documents must fall within the period of the study (2006-2012).

Except for the Cook Islands daily newspaper articles, most of the secondary data selected for the study were in hard copies, which could not be adequately scanned and uploaded into the computer to be analysed. For this reason, I decided not to use the NVivo 10 software programme to analyse my secondary data. Instead, I used the conventional content analysis method to group and analyse my secondary data. The documents selected for content analysis were divided into four main categories: a) legislation, b) policy documents, c) donor and international agency reports, and d) statistical data reports.

Part 4:   Reflections on Fieldwork

These reflections are not prioritised, but demonstrate what transpired during the fieldwork carried out in Rarotonga from July to August 2012.

Interest

I found there was great interest in discussing the research questions and often the interviews ranged from one to two and a half hours each. The participants felt the topic of the study to be extremely important to their lives and the lives of their people in the island communities. In particular, the participants wanted to know about the relationships between their organisations (or their island communities) and the central government in Rarotonga.

Some quite personal stories were shared. For instance, one shared his story about how the termination of his employment was contrary to the spirit of NPM where there should have been less political interference.

In his view, NPM was supposed to keep political interference at 'arms-length' so public servants could implement policies to the best of their abilities. However, to his disappointment this had not been the case. Instead, the short-term contracts (three years) given to political appointees and the four-year term for the MP's elections

provided grounds for conflict, where the politician would want his or her person to be appointed ahead of others as a reward (Crocombe, 1987). Thus, incoming politicians tend to find ways to remove senior officers who were appointed by the previous government. This made the public service unstable, as there was no continuity and often accumulated knowledge is lost with the high turnover of senior staff.

Others talked about their experiences in managing scarce resources in the outer islands with the expectation that they perform at the same level as those on Rarotonga.

Me as Researcher

Some participants knew I had worked for the Cook Islands Government and while they did not make direct reference to this situation, in the interviews inferences were made. Thus, when a number of people requested for other people to come along to the interviews, I accepted their requests, but on the condition that each one of the attendees signs a Consent Form (Appendix 6) and a Confidentiality Agreement (Appendix 7). Participants agreed and signed the forms. On reflection on why other people were asked to accompany the participants to the interview, I could only presume that perhaps, it was the collective approach to undertaking activities in the Cook Islands that gave rise to such an approach.

The tendency to undertake collective activities was confirmed by a key informant (S1) in the survey (see also Crocombe, 1990; Ingram, 1992; Mason, 2003). As requested by some of my participants, I also agreed to bring my wife along on six separate occasions as a gesture of respect for the participants (HRC, 2005).

The reason for such requests were twofold: a) perhaps, I was viewed as an outsider and therefore, the participants felt comfortable if I brought my wife, who is a Cook Islander along, and b) perhaps, the participants felt comfortable, if they were not able to comprehend the questions I may ask, and my wife (who is a Cook Islander), could appropriately interpret the questions for them in *Te Reo Maori* (The Cook Islands Maori Language).

This was evident in the transcripts and the findings during the interviews as conversations kept switching from English to *Te Reo Maori* then back to English again. It created a dynamic environment for interviews. However, this method of communication was made only on six occasions when my wife was present. These group of participants were from the outer islands. On each occasion that my wife came along, I asked her to sign a separate Confidentiality Agreement for each of the interviews. This approach was taken to protect the anonymity of the participants and to maintain confidentiality in respect of the interviews that were conducted (Appendix 7).

From my observation at the interviews, those support persons who accompanied the principle participant remained calm and attentive, but also passive in their reaction to my questions. This behaviour may be related to their respect for those who were formally invited to participate. Secondly, it was customary for those in attendance with the principal participant to remain silent when it was not their turn or duty to speak (Crocombe & Crocombe, 2003; HRC, 2005; MOE, 2001). In a stratified society such as the Cook Islands, such behaviour demonstrates respect and humility towards participants who were formally invited or those of senior ranks, so they remained observers (MOE, 2000; Taufe'ulungaki, 2000).

National Buy-in and Timing

This fieldwork required timing between lodging ethics proposal at AUTEC, gaining a Cook Island Research permit, and how to ensure most people were at a specific location to be able to recruit and conduct interviews.

My application was lodged with the Foundation for National Research (FNR)[16] in the Cook Islands two months prior to the festive session. FNR permit was for the fieldwork to commence on 25 July and ending on 15 November, 2012 (Appendix 3).

Unfortunately the AUTEC ethics approval was delayed for a few days. For those from the southern group islands of Mitiaro, Mauke, Atiu and Mangaia, many would leave two to five days after the celebrations, so my chances of having interviews with these groups of people were marginal.

Boats travelling to these islands were infrequent and scheduled flights to the Northern island groups were rare, except for emergencies or for government charters. Many of these people, particularly from the northern group of islands would be unlikely to return to Rarotonga until July 2013. Others could migrate overseas at any time - taking with them valuable information that I needed for the study. This could mean the voices of these people could not be heard. It was that little window of opportunity that could have been lost, if I did not act in time, so I made every effort to conduct the interviews just a day before my participants departed for their home islands.

Group versus individual interviews.

As mentioned earlier people that accompany the participant remained observant and attentive; they did not interrupt the flow of conversation as would be seen in focus group interviews. The people who accompanied the participants only responded when the principal participant wanted confirmation or where the principal participant felt the questions were related to those accompanying him or her to the interview. I felt the intensity of the conversations between the group and myself meant there was in-depth probing of the issues that were raised in my questions.

Establishing Community Advisory Committee

My attempt to establish a Community Advisory Committee (CAC) following the indigenous Cook Islands *Tivaivai* research approach to guide my studies was a challenge. My initial plan was to recruit five individuals to act as my CAC. However, on arrival on Rarotonga in late July 2012 I found, to my disappointment, four of the individuals I wanted for advice were either not available or too sick to provide me advice. Only one was available. Although she (A1) was a little sick and confined to her home, she was eager to have conversations with me. These reflections form part of the discussions in Chapter 8.

Reflections on Secondary Data Collection

During the interviews, several participants mentioned reports, documents, and legislation that were related to the topic of my study. This information provided me the impetus to search for the types of documents that would reveal the topic of my study. Besides information that had been provided by the participants, there were information contained in a number of official government documents, legislation, donor and international agency reports, and statistical data reports that had been reviewed earlier from my literature review. These sources of information provided me the basis from which to seek relevant secondary data for my study.

Reflections on the Interviews

As customary in the Cook Islands, some water, soft drinks, and finger food were provided for the participants as a token of appreciation (Anae, et al., 2002; HRC, 2005; MOE, 2001). This gesture conveyed a message of humility, respect, and 'reciprocity' (Taufe'ulungaki, 2000), a commonly held cultural value among the Pasifika peoples (see also Guiart, 1983; Hau'ofa, 1994).

Some small gifts purchased from AUT gifts shop such as pens, note pads and key rings were given to participants after the interview as a token of appreciation (Anae, et al., 2002). As the interviews progressed, I made it 'my business' to be at the venue scheduled for the interview at least 10 minutes early for each interview.

This effort was well-rewarded as often participants would turn up on time or earlier, anxious to start the interview, and therefore, being there earlier helped calm down participants. Several writers suggested that, with the right atmosphere at the place of interview, the conversations between the researcher and the participants would expand and deepened (Robson, 2002).

By taking the time to establish rapport with my participants, this "reduces or removes resistance, suspicions, prejudices, and negative forces within the interview environment" (Sarantakos, 1998, p. 96). In this way, participants were not restrained from giving information freely when they were asked.

Reflections on the Survey

From the group of participants I have chosen, three individuals were unable to participate directly in the interviews, but volunteered to answer my questions if I could send them by electronic mail. I was fortunate that despite their busy schedule, all three key informants made attempts to answer most of my questions which contributed to this thesis.

Conclusion

This chapter presented the conceptual framework of content analysis and provided in detail reflections of the researcher's fieldwork experiences in the research journey. As there were several documents written by various authors, I decided to combine different methods of content analysis to categorise, analyse, and interpret the findings. The chapter described the processes in which official documents were located, reviewed, and selected for the analysis.

Included in the reflection of the fieldwork were issues and challenges of logistics, data collection, requests made by participants, and the researcher's initiative in carrying out the qualitative survey. Of particular interest were the dynamics of group interviews and single interviews conducted in this study. These dynamics are reflected in the analysis and discussions.

Chapter 5 FINDINGS (PART 1)

Introduction

The findings are presented in two chapters (Chapters 6 & 7). Chapter 6 presents the findings to question one and Chapter 7 presents the findings to question two. The research questions are:

1) What are people's understandings of the systems of governance underpinning New Public Management in the Cook Islands from 2006 to 2012?

2) What are people's perceptions of the outcomes of New Public Management in the Cook Islands from 2006 to 2012?

As discussed, the findings from the interviews and the surveys have been combined, because answers were similar in context, whereas new themes emerging from the survey were noted. Also the interviews were conducted with participants from a wide spectrum of society, because I wanted to get their views without compromising the outer islands, traditional leadership, and non-government actors. The surveys, on the other hand, were very specific as questions were directed at key informants, who had in-depth knowledge of the areas they were familiar with.

The chapter is presented in four parts: 1) the place and future of the Ariki (and Koutu Nui) in governance, 2) the place of the Island Governments, 3) the place of central agencies, line ministries and government agencies (LMAs) in governance, 4) a review of the impact of New Zealand's 'special' relationship with the Cook Islands in relation to governance.

In Chapter 1, 'governance' was defined as "the exercise of economic, political and administrative authority to manage a country's affairs at all levels" (UNDP, 1997, p. 4). Such functions "comprise the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences" (p.4). This concept of partnership and the inclusion of non-government stakeholders introduced under the NPM regime were direct challenges to the top-down government-led bureaucratic model (Halligan & Wattenhall, 1990; Wettenhall, 1976).

As seen in this study, most Cook Islanders were familiar with the top down approach of government where non-state actors and civil society had little involvement in the national decision-making process. In fact, NGOs were often described as the 'watchdogs of Government'. Generally, the participants said that the interviews challenged them to think about the national systems of decision-making and the role and relationships of the different agencies within a governance model framework.

The first finding was that the majority of participants had good understanding of the various agencies, which made up the national government decision-making systems. Nevertheless, there was less understanding of the relationship between these parts or how changes made in one part might impact on other parts of the system. Secondly, and not surprisingly, participants understood the parts of the system, which impacted on their lives. Thirdly , participants wanted to focus discussion more on the people-based agencies such as the traditional chiefly systems and the Island Governments with less priority given to government agencies and even lesser to NGOs and civil society. For this reason, this section begins with a focus on these two 'people'-oriented agencies: the traditional chiefly systems and the Island Governments, which are central to a governance agenda. This is followed by central agencies, line ministries, and government agencies.

A number of points underpin this discussion. First, the discussions indicated some confusion between the role and place of the chiefs and the Island Governments and some overlapping of roles such as in the appointments, responsibilities, and financial support. This is complicated by the fact that while in most islands the Ariki is a member of the Island Council, Penrhyn does not have an Ariki. Comments from the participants were:

> The last Ariki was known as Turoa but now there is none. No one agreed to have an Ariki since 1907. I think the Island Council is working as the Ariki. (P16)

> I hate the title of Ariki. I hate that title because it doesn't fit with my ideas. The majority of the Cook Islands have three forms of government. In Penrhyn, it is more like two; the Church (hevngelia) and the Island Council (henua). (P18)

In addition, while the expressed purpose of the 'devolution' was to empower Island Governments to make decisions that affect their island communities, these island governments were placed outside the operations of the NPM system and continued to organise under the 1987 Island Government Act, whereas the Island Administration functions under a new set of reformed legislation (see Chapter 3). Conceptually, participants were more inclined to accept the new form of governance as they saw the positive benefits brought about by the NPM regime. However, some were sceptical of the Parliamentary system that did not undergo political reforms despite a comprehensive report that was commissioned by government and released in 1998 (see CPR, 1998).

Part 1: The Traditional Chiefly Systems - Ariki (and Koutu Nui)

Most participants believed that the Ariki decision-making process must be maintained. This was particularly emphasised by the outer islands participants because of the high regard held for traditional leadership in resource management. In addition, on the outer islands, reallocation of resources has not been eroded by legislation or profoundly influenced by the practices of the modern state. As described by a participant:

> I think the Ariki are there to remind us of our traditional values. (P10)

However, many used the words 'displaced', 'manipulated', and 'not respected' to describe the place of the Ariki systems today. For instance, while some described the Ariki as having been displaced at the time of self-government, others saw the House of Ariki as a more recent version of the Legislative Assembly which was the original governing body of the Cook Islands prior to self–government in 1965.

> In terms of the House of Ariki; in terms of our traditional leaders, that was our first government. And as we came through the protectorate, annexation, and the constitutional phase they shot themselves in the foot by agreeing to have a constitutional system. You see prior to 1965, the Legislative Assembly and the Legislative Council were constituted by members of the House of Ariki. (P6)

If we look back to when Parliament started many years ago, the Ariki system was right there and making decisions for the people, in terms of governance. There was *mana*[17] and integrity in the Legislative Assembly but of course this role had changed. (S3)

Before the devolution and the Island Council, it was straight forward. During the time of the Ariki everything was running smoothly. (P19)

Some participants were sympathetic with the Ariki, whom they believed had been coerced into limiting their powers prior to self-government in 1965.

But who agreed to the Constitutional Act? It was the Ui Ariki. They signed, they agreed but they didn't realise they were giving away their powers. The surviving Ariki from 1966 is Dame Marguerite Karika. She's still alive today. I had an interesting discussion with the Arikis. It is sad. They didn't know their powers had been removed. (P6)

An Ariki said, the Ariki (we) gave everything to the Government in 1965. When the constitution was made the Ariki (we) were put aside. (P1)

Unfortunately, the authority of the Ariki is whittled down by legislation and by Central Government and it hasn't been restored to where it should be. (P20)

One said -

"you (the Ariki) have a place, we even created the House of Ariki for you to sit side by side with Parliament. But they've actually been done with. I think all their powers have been removed." (P10)

P6 questioned why some members of the House of Ariki were resentful of the arrangement made under the 1965 Constitution that removed the powers of the Chiefs. He placed the loss of power squarely on the shoulders of the Ariki, asking:

But who agreed to the Constitutional Act to be brought into force? It was the House of Ariki. (P6)

P1 recalled how, the government and the Ariki used to work together in the past to bring services such as clinics, schools, and roads to the community.

He believed that it was in the process of working together with government to build the community that the Ariki lost their lands - which subsequently became 'crown lands'. In losing their lands, P1 said the Ariki had also lost some of their *mana.*

> That was the spirit of the old people. They let Government do the work but they didn't realise they lost their *mana*. The Government knows they don't own the land. I think whoever is in government should understand this place is supposed to be for the Ariki. The lands that we gave to Government for schools, hospitals, and airports, they changed it to Crown lands. It now belongs to Government (them). I am afraid that we might lose that identity if we are not careful. But as long as we, the traditional leaders let our people know that the land is still with the *Aronga Mana*. (P1)

P10 was quite sceptical on this point. In her view, the delegation of power by the Ariki to Parliament actually meant their 'lose' of power.

> Oh, yeah. Lose of authority is an important issue for the Ariki. "I'm just delegating the power. The power is still mine but I am delegating this to (Parliament) you." I think that was what happened. (P10)

Manipulation by government was another strongly made comment:

> What Government did was to displace the Ariki. "We are the Government, you are the Ariki, you just stay where you are. When we need you, we will call on you". This is what is happening today. (P17)

Before 1965 and even before the time that the Ariki had all the powers, but when the new Western system of Government came in, that power was taken away.

> We are going to leave you there as figure heads, and you know what? We now have a new Queen of the country who is Queen Elizabeth II but we will still call you Kings and Queens because you are our Ariki. (P10)

> I think the Ariki system is manipulated. Do we really need the Ariki nowadays? Do we really need to retain it? What for? And what do we get out of it? (P4)

Three other participants said that the Ariki have become figureheads on the national scene.

While the Ariki still enjoy prestige and glory, and are known as holders of cultural knowledge – this prestige was mainly located with their tribes and the families.

> The Ariki are figureheads. They don't have decision-making powers nor do they direct Government's resources. (P10)

> The Ariki are still in charge of their tribes. That's all their responsibility is. Just in charge of their tribal affairs, mainly to do with lands and titles. They still have that authority. That's what the Ariki are. They are only concerned about the tribal leadership and a lot to say about the land, the genealogy and the practices of the clan. (P15)

> We (the Ariki) sit back with our glory but we didn't know that the power underneath us has been taken away. We only have the glory but the power has gone. (P1)

P5 described the role of the Ariki in this way. . . "the Ariki's job is to mould the tribe, to mould the people".

This view was shared by other participants, who saw the importance of the Ariki in the decision making process. Although the powers of the Ariki had been withered down by legislation and government policies, they are highly respected and are influential in their island communities.

P2 recalled the time when programmes were being implemented the Government and Government departments primarily consulting the traditional leaders in the villages to gain their support. He described how the Cook Islands people respected and responded to traditional leaders with these words:

> [Name] recently called a meeting and of course nobody turned up. I said to [name] 'go and see Aunty [name], and have the meeting at the hall [name]. Go to [name] and the traditional leaders and the people will turn up. They'll announce it in church'. (P2)

When the government officer followed this advice, the people of that community turned up in numbers for the meeting. Although this approach was not written into the public service policies or formed part of the wider state protocols, P2 emphasised that the approach was working.

P20 noted that in the outer islands where the respect for the Ariki and traditional leadership is inherent where traditional leaders could ridicule government officials for calling the tribes without the Ariki's permission. Such behaviour could create embarrassment and induce unnecessary tensions as the Ariki could say:

> Who told you to call my tribe? Get your own tribe! And you wonder why, when we organise workshops nobody turns up because the Island Secretary can't order the traditional leaders to attend the meeting. (P20)

Many comments confirmed that the Ariki is recognised today:

> Well, there's the Ariki Day now. There's more recognition of them. There's a public holiday fully dedicated to the Ariki now. (P3)

> The House of Ariki is a united voice of the Ariki where their concerns are addressed by Government. It is their channel of communication to Government. (P15)

> They have their *marae*, the central office of the House of Ariki at Kavera, provided by Government. (P11)

> We (Ariki and Koutu Nui) have been part of Government's social life now. When we go to meetings Government officials would say, "Kia Orana the House of Ariki and Koutu Nui". It's nice to hear that. The Government also recognised the importance of the traditional leaders by creating the House of Ariki Day. (P2)

> I think Government is coming back to us. Looking back at the way the Ariki are doing things. Now, they are coming back to us to talk to our people. Yeah, they are starting to recognise the importance of the Ariki. (P1)

When questions were raised about the status and the level of recognition given by the people to the Members of Parliament (MPs) and the Chiefs (Ariki), they responded:

> The MPs are artificial leaders because after a couple of years they move on. They are there for a short term. (P20)

> I think there is strong evidence on the part of Government that they recognise the authorities of the Ariki, that they have a say in how the development of the country should be, although limited to certain areas. (P15)

I think the Ariki are a significant part of the society, and I think more could be done to incorporate them. In particular with the land tenure system because Government wouldn't want to touch it. (P7)

A Shared Space

Generally, the views were that the government system should recognise and respect the important role of the Ariki in the island communities.

If you talk about the system as a whole, I think it is lacking in that respect because Government gave that responsibility to the Ministry of Culture. (P20)

Splitting responsibilities was one view. P1 felt that the national government should share some domestic responsibilities with the traditional leaders, while it focuses more on international relations.

Government should be concentrating on what they can get from outside. Our (traditional leaders) powers that we used to have should be transferred back to us to look after the right to our lands and the rights to our ocean. (P1)

This was supported by P2, who believed the government has more influence in international relations, but 'in our backyard . . . we have the people's power! P2 said:

When it comes to international relations, they have a lot of power. But in our backyard, we have the number one power; we have people's power. Before someone could get a Permanent Residence (PR) status we have the right to decide but there is a clause that says, "it is at the discretion of the Minister". We want to cut that out. We want the decision to rest with the traditional leaders together with the Minister. (P2)

P20 supported the value of the traditional leaders with these words:

The island belongs to the traditional leaders so they should be consulted, so for any outer islands trip, it would be appropriate to advise the traditional leaders as part of the Public Service's protocols. I tell you what, if you go to Pukapuka, and if the Ariki call a meeting, people will turn up. If the Island Secretary calls a meeting, public servants will turn up but the rest of the people will go fishing. (P20)

There was a mixture of views as to whether traditional leaders were formally acknowledged at the official government level, and at official functions.

> When you go to Government's functions there is no recognition of the existence of our traditional leaders. I know because I experienced it myself. This is because such protocols are not embedded in the Public Service values. When we talk about the outer islands we have to recognise the importance of our traditional leaders. So the protocols have to be embedded in the Public Service. I think we should incorporate it. (P20)

P20 added that this has happened as it was not noted in the protocols of the public service.

> The recognition of the Ariki and the Mataiapo[18] has not been incorporated because it is not embedded in the training of Public Servants. Public Servants only pay lip service to it but we haven't incorporated the traditional leadership into public service practices. (P20)

Two other participants felt government did not give adequate recognition to the Ariki:

> Every time the QR makes a speech on behalf of her Majesty, Queen Elizabeth 11, he does not include the Kings and Queens of the Cook Islands. Sometimes I don't want to go but I don't want to let the House of Ariki down. But maybe one day I will not go. (P1)

One view was that the traditional system was outdated and needed to be modernised. This was in contrast to the other viewpoint that it would never be outdated.

> The Ariki system is outdated. It needs to be modernised. (P4)

> The Ariki system will never be outdated. It's an important fabric of being a Cook Islander. It's just the leaders that need to be up skilled. Also future traditional title holders will come through like this, and they will push for more say. It's something that happens over time. (S2)

Many believed the Ariki system should remain as it is, but where and how to fit into the governance structure was not clear.

> For me I would like the chiefly system to be there, not for it to be out. It's part of us. I would like to keep the old system, that way. (P13)

If we look at our culture do we want to sustain it? To me, the Ariki should manage it the way they are doing now if that was how best they think this is how we should sustain our Ariki title and everything that comes with it. So be it. (P15)

One suggestion was for the modern state to be merged with the traditional system. This could be done by reserving the position of the Head of State (Queen's Representative) for the House of Ariki.

The Head of State should be the chief of the country. We shouldn't call it the Queens Representative. We should call it the Head of State for the Cook Islands. That is what we are looking at now because that's the only way I can see the recognition of the Ariki. (P1)

There have been views expressed by some of the Ui Ariki that the position of the Queen's Representative should be held by the Ui Ariki because they are paramount. (P8)

I did hear a discussion about that and I was thinking that's quite right. If this person was to be the Representative of the Queen, it must be the Ariki to sit on that role. (P15)

To support this, it was argued that Government's protocol should include traditional leaders in its official address. The official address should read:

Her Majesty, Queen Elizabeth 11 and Kings and Queens of the Cook Islands. (P1)

One point of view was that the Ariki be represented in Parliament just like the composition of Island Governments, where the Ariki is a member.

It must be the same as what is at the local government level. It's from the top, right down to the bottom. It cannot be only in the outer islands. We have the House of Ariki to appoint their representatives to Parliament. (P17)

Joint decision-making was another suggestion made, whereby the two systems could merge. However, there was uncertainty as to how the traditional system and civil society could be integrated with the mainstream government system.

That is what I want. I would like to see the two systems incorporated - for the two to come together. (P17)

The House of Ariki should be made the Upper House and the National Parliament the Lower House. I believe Government is the working arm of the state and not the House of Ariki. The House of Ariki should endorse the legislations before Government could implement them. (P1)

By way of contrast, four thought the two systems could not be merged.

There is no way the systems will merge. (P13)

We can't restructure the Ariki system because the traditional Ui Ariki structure has been there for ages and the titles are hereditary. (P8)

I am not sure what system will make them work better. I have no idea what system can make them work better but there is already a system in place. (P15)

The Ariki system is definitely outside the Parliamentary system. (P11)

On a more positive note, a key informant had this to say:

I do think the Ariki system is working out their place in current life of Cook Islanders because there is so much in dispute with the Ariki titles and some of the *mana* has been lost while families are trying to pull things together. (S3)

This fits with other comments on the place of the Ariki in contemporary Cook Islands.

The Ariki system is a very vital cog in the social fabric of the community. It is necessary because people respect that form of authority. People look to them for guidance. (P20)

Even if the Island Council is not there, the island still has its traditional means of governance. Yes. The Rangatira and the Mataiapo will still be there. They are in charge of their tribe. That's their responsibility. (P15)

In the islands where the Arikis are chosen they remain figureheads of the islands. They are highly respected but I think their roles have diminished, they are just figureheads. (P15)

I'm a bit of a traditionalist. I like to keep our traditions and our culture. Because that's what makes us different. What makes us different is our culture. (P11)

In my honest opinion, I just don't see how they (Ariki) fit into the whole system but when you look from the outer islands perspective, there are layers and layers of structures there. (P10)

We have an Ariki representative but because of their title they get dominated by the elected members. But if we have two seats allocated for the Ariki, and the families appoint them to the Council, that would give them an equal opportunity to participate in decision-making. (P17)

I have no opinion because I haven't had any input on that issue. Maybe when I take up a House of Ariki job, I will spend some time on it. (P3)

Factors Influencing Ariki Robustness:

Participants outlined a number of structural and attitudinal changes needed to be made if the Ariki were to be included more in national decision-making.

First, in relation to their integration and participation in planning:

It is still a long way off from perfect. The traditional Ariki system, the community and women's planning are not integrated into the island planning system, even though strategic planning exercises have involved them. Because the churches all have their cycles and projects so do the women, but these are not integrated. (S2)

I think there is more work to be done to bring them together so they 'sing from the same song sheet'. There has to be some recognition of the position, the importance of the Ariki for the social cohesion of the islands because all our traditional ways link up to the authority of the Ariki. (P20)

I think the Ariki were working. There was a lot of engagement (with them and government) and in particular with the deep sea mining of manganese nodules which was important. (P7)

S3 said "the Ariki system is not outdated, it is the Ariki that need to be upgraded so they can participate in modern governance".

Part 2: Place of Island Governments in the System

As noted there are 10 Island Governments operating outside Central Government on Rarotonga (Chapter 2: Figure 1). The population of these islands range between 60 (Palmerston) to 2,035 (Aitutaki) people (CISO, 2012, p. 8). A major change in the bureaucratic system was the 'devolution'[19] of powers to the outer islands at the time of the public sector reform (see Chapter 3).

P12 said that, at the time of the reform, 'the devolution was economic policy-driven rather than with a concern for the people'. S2 added, there was no legislative framework put in place to govern the devolution process.

> The local governance arm and how it relates to central government wasn't locked down in the reform period. This is the sad part of the government structure and maybe the reason for the exodus of people from the *Pa Enua* (outer islands) that continues today. (S2)

While the purpose of the 'devolution' was to empower Island Governments to make decisions that affect their island communities, in the process these island governments were placed outside the operations of the NPM system. P4 questioned such an arrangement.

> How can someone monitor someone that gets paid by someone else? (P4)

P4 was refering to the fact that island governments operated under the 1987 Island Government Act, whereas the island administrations operated under a new set of reformed legislation (see Chapter 3).

A number of participants strongly believed that the reform did not go far enough to set the benchmark for the role and the place of the Island Government for the people in the outer islands to follow.

> That's where the flaw is. We talk about decentralisation but we never identified what that role is in decentralisation. We never went that far. That's why the Island Governments were left to decide. They don't know what they should be doing. Nobody has told them. (P20)

Secondly, the government has not completed the devolution process by repealing the 1987 Island Government Act nor brought in a new Island Government legislation to align its operations with Central Government.

> But (they) the Central Government never completed the devolution process at that time. (P18)

When participants were asked about the process of governance, there was considerable uncertainty, especially about the reporting requirement lines.

> I think our set up is very complex because everything is driven from Rarotonga. In Aitutaki we have three MPs and one Mayor so the Mayor got more votes. That is why these guys (MPs) need to be restructured. We believe MPs should not be part of the Island Council. (P17)

Participants were also uncertain about the new (incremental) changes relating to the restructuring of the Island Government system.

> Well, with all these wonderful new changes that they have implemented I won't get to see it until August/September because that's when Island Secretaries will be appointed under a new contract. This will come into effect in September. I'm just waiting for them to tell me how this works because it's going to be new to me. Now, my boss will be the Mayor. That's the other thing. We're not quite sure. You see, we're still in the dark. (P14)

> From the hind side, maybe if the timespan for the reform was longer some of the important institutions could be included in the reform. But somehow some of these institutions are reforming at present as we move through this period. (S2)

With the ongoing reforms between 2006 -2012 (period of this study), it was found that new challenges have emerged. These challenges created uncertainty within Government circles. For instance, although the new Island Government Act 2012-13 has been reportedly and widely discussed and consulted on, participants knew very little about the effectiveness of this Act in terms of structure, power dynamics, and tensions that may arise between the various arms of government.

Some participants were not sure if the new Island Government Act of 2012-2013 would improve relations with the various stakeholders in the outer islands.

This uncertainty might have stemmed from past experiences, where tensions between the various arms of government existed.

> I don't know with this new empowerment of the Island Council. For some MPs there's reservation. (P5)

> If the Mayor is not of the same political party there could be tensions and all that. So, I don't know. It might be useful to talk to some MPs about this matter. (P3)

> Well, even I had my reservations with Pa Enua Bill (Island Government legislation Bill), whether it will work. It will only work where you've got the Member of Parliament, the Mayor and the Island Secretary, all working together. Those three key people will need to work together. (P20)

> Now the challenge is for the Local Government to perform. It is known that "power corrupts but absolute power corrupts absolutely". That will be a major task for the Island Governments, for their credibility is at stake. (P8)

> I am still waiting on how this new system will work. But I am sure we are already doing it now. We've been practicing it for the last couple of years. (P14)

There were also questions as to whom should island secretaries and civil servants report to.

> The only island I think that had devolution was the island of Rakahanga. The Central Government didn't want to give powers to the others. (P16)

> That's what we are waiting for, as our Ministry is already part of it. I am not sure whether it is the Office of the Prime Minister that we'll come under. I heard a couple of weeks ago that the Outer Islands have been brought under the PM's Office. (P18)

> I really don't know. If people change their attitude and stop being personal about things, then I am sure there will be a change. (P13)

> Under the incoming Island Government law, the Island Secretary will work under the umbrella of the Mayor and the Island Council. (P18)

Influencing Factors of Island Government Robustness

As a system, every arm of government must be collaborative. For Island Governments to effectively operate, the structures, legislation, and policies need to be aligned to remove tensions and prevent conflict in the system.

As noted, the Island Government Act 1987 has not been repealed or amended to incorporate the new legislative changes governing financial management (MFEM Act 1995-96), personnel management and the public service operations (PSC Act 1995-96 [repealed]; PSC Act 2009). This was reflected in the interviews.

> There's conflict that arises out of that. Under the Local Government Act, 1987 they have a Clerk of the Council. What the Central Government did was, without consulting with the Island Governments, it created the Island Secretary post, and the Island Secretary sits outside the Local Government Structure. The Island Secretary controls all the resources but the Act empowers the Island Council to deliver. So, how can you deliver when you don't have the control over the resources? That is where the flaw is. There was no policy guideline provided to address the situation, and there was no island specific studies in this regard. (P20)

> The Government expected the Island Council to have a say. At the same time, Government is paying someone (Island Secretary) to manage its affairs on the island. It also wants the Island Council to monitor that person (Island Secretary). How can the Island Council possibly monitor somebody employed by someone, and paid by someone else? (P15)

> The other example was education. It was devolved to the islands so the Minister of Education didn't want to provide any teachers or resources because it was devolved. (P11)

One participant highlighted the difference between what was thought in theory and what really worked on the ground as a result of the conflicting legislation. Besides the financial management requirements, the two systems operate under two different Acts; one under PSC Act 1995-96 and the other under the Island Government Act 1987.

> I think, in theory the Island Councils were empowered. They were empowered during the devolution but the ultimate power rests with the Island Secretary because the Island Councils did not control the budget and the employees. (P3)

While participants agreed that the concept of devolution was sound, this was not followed through with action. There were also questions about financing the Island Governments.

> As I said, we devolved powers to the authorities in the outer islands 'in name'. Jonah, that was the devolution in name. The real power was still retained in Rarotonga. (P6)

> We are not looking at ourselves. We are not giving anything to our people. We (the Government) give them peanuts! $2 here, $2 there for the fishermen. $2 here, loan here, loan there, soft loan for a $1000, $2000, $3000 for the growers. But we are not giving them the appropriate capital to get them to stand on their own feet. Like I said to you, why not give each island $2 million. That's public money. Give it to our people and let them generate income. (P6)

Another participant argued strongly that there had been a generalisation and assumptions about each island, when devolution was introduced. He reminded that each island was unique in its own way, in terms of land tenure system, different geographical settings, the demographic composition, the unique socio-cultural features, and different economic basis; therefore, careful studies should have been carried out before devolution could be implemented.

> There are a lot of assumptions that every island will buy into this but each island is different. For example, Mitiaro, Mangaia and Pukapuka have got different land tenure systems. How could that impact on development, in terms of powers of the Island Council to impose sanctions, develop policies and administer the island. (P20)

> In Pukapuka the village who are the communal owners of the land can say to the Local Government "can you stay out of our boundary". (P20)

Two of the participants further argued for the outer islands to be better resourced, especially for sustained training of personnel to operate the NPM system on their own.

> If you don't give them the money to run themselves, then how do you expect them to function properly? Number 2. If you don't train them properly to look after public money, how do you expect them to know what to do out there? (P6)

I have a budget limit of how many papers I must have, and if I use these up, I am like sitting duck. How am I going to get some more reams of paper because that is not easy to just get something, put it on the boat and bring it to Manihiki. (P4)

A significant number of participants were unhappy, because they thought the NPM system was dumped on the people of the outer islands, which had little capacity (human and financial) to operate the NPM system.

Their other concern was that funding for devolution did not follow the reorganisation. It was either controlled from Rarotonga or diverted elsewhere. As noted by P9:

"if you put an entity somewhere and it doesn't have the resources to sustain itself, that particular entity will not work, and I think that is what happened". (P9)

Other views were:

The devolution system was dumped on our people. (P6)

It wasn't right at that time. The whole devolution process was given to the people. That's what the CIP Government did. It gave power to the Outer Islands, but what happened, funding didn't follow. Funding was withheld in Rarotonga. (P11)

The main problem in the past was that the budget being earmarked for the islands has been reassigned elsewhere on Rarotonga. That is why the Island Governments – the Island Councils[20] have been asking Government to give them the power, to give them their budget, because they know what they want to do with it. (P8)

Networks and Responsibility

One participant said there was little cooperation between Central Government Agencies and the Island Administration. Moreover, feedback communication between Central Agencies and the Island Administration was lacking.

They are up there themselves. That's my honest opinion. I don't know whether they were looking down on us or whatever that is, but that's just me personally. Well, up yours too! I'm going to do this on my own. There was no feedback. I like constructive feedback. (P14)

Some drew attention to people based and political factors such as conflicts between the Mayor (and Island Councillors), the Ui Ariki[21], and the Members of Parliament (MPs).

> See, there was a particular issue that I was involved in where the Mayor of that particular island came back and said, 'this Member of Parliament who was sitting in our meeting never met the Island Council. He came over there, brought the issue over there and discussed it with the Ui Ariki and the people of the island, but not with the Island Council'. (P6)

> I have a close relationship with [name] and he said their MPs are useless. I don't know why the MPs in the Outer Islands live on Rarotonga. I just don't know why they live here. They should live on their island so they can see what's happening on their island. (P5)

> What are they doing here? When you look at them, what do they do here? They're just sitting on their backsides and collecting taxpayers' money! They should actually go back to their island and work closely with their island communities. That's my answer. I've always wondered why they don't live on their islands. (P5)

A number of participants were convinced that there were national problems with the system of government that complicated and confused the operations in the outer islands.

> I think it's our system of Government that's really making things confusing for the people. (P15)

> It's not improving. You see the Local Government and the Island Administration are working closely with the Mayor and the Council but all the information comes from PSC to the Island Secretary. (P18)

> That is why we want the Island Secretary at every meeting of the Island Council, to inform us of everything that's happening with PSC, the MFEM and all sorts. (P18)

Relations of Island Governments with Central Government

Various international donor agency reports highlighted the positive outcomes such as growth in GDP and GNI as a result of the 1995-96 reforms (ADB, 2002a; 2008; 2008c; 2009; 2011; SIN, 2010; SPC, 2011; UNICEF, 2004).

This view was supported by some participants who were of the opinion that between 2006 and 2012 Government had worked very closely with the House of Ariki, Koutu Nui and Island Governments in implementing strategic policies, such as the establishing of a Marine Park and the granting of Permanent Residency (PR).

> We've been working on the Marine Park[22] Steering Committee which we are very keen on. The main thing is the environment, its sustainability and the sharing of all the benefits. At first, nobody would commit themselves so the Koutu Nui sat together with Government and made the decision. We have since defined the area. (P2)

> Before somebody could get a PR, we have the right to decide because we're from the community and we look at these people if they are contributing anything or have an input into the community. (P2)

> At least Government had recognised our efforts and our input in this area. (P2)

Membership

While acknowledging that there were tensions in the relationship between Island and Central Governments, the participants placed the blame on the system. In addition, they attributed the conflict to personality differences along with structural related issues, which made it difficult for the leaders to work together.

> In some islands, the Island Secretary and the Mayor don't see eye to eye. I think it is a personality issue as well. (Also) some Members of Parliament don't work well with their Mayors. (P15)

> In some instances they (Island Secretaries) become law unto themselves. (P20).

> Well, the Island Council is made up of the Ariki, the Members of Parliament, and the Island Secretary. The Mayor runs the meetings and sometimes when we walk past, it's either one of the Ariki who would blab or the MP would chatter, and we thought – "ooh, God! What's going on? These are people that were to consult one another and look what they're doing to each other". (P13)

The presence of Government Representatives (GRs) in the Island Council had drawn criticisms. The position of the GRs was the remnants of the old bureaucratic system that did not cease after the 1995-96 reform.

> That's a spy. At the 2003 meeting we tried to force the GRs out. Yeah, to get all these people (GRs) out. We tried our best to get rid of the Government Representatives[23] but we were not successful. (P18)

P17 blamed the ineffectiveness of the system on the mismanagement of government properties and public funds. He suggested the Island Councils should be strengthened.

> The problem is always mismanagement. You have seen that. We get people out there as HOMs and what happens they misappropriate, they get into trouble, then they run away. The Island Councils need to be strengthened to avoid such misfortunes. (P17)

Politics

Some participants thought the political system that was inherited at self-government had a lot to do with this form of behaviour. Party politics and 'the divide and rule' approach that were used to gain majority rule in the islands might have contributed to the disunity in the island communities.

> I think our political system has a lot to do with their behaviour. To me, the political system has really ruined the way people should be working together and being united as a community. (P15)

> It's like, it's not really the Cook Islands way, you know. We are telling the truth to the people. The Member of Parliament (MP) is not working with us. No, there is no improvement in the islands. (P18)

> Ah!! Efforts have been made to have the Island Government work closely together but it didn't work. (P8)

> For some time now when the Ministers want to do something they contact the Mayor rather than the MPs, so there is conflict. (P1)

One point of view was that:

> They (the MPs) are not actually representing their community. In fact, they represent the (Political) Party, aren't they? (P9)

To some extent I think politics gets in the way in the outer islands. It's more pronounced there. Politics is more pronounced in the outer islands. (P3)

Well, to me the very simple answer to why it's going down is due to politics. There is too much politics in the islands. That's all, too much politics. If only after the election, there is no more politics then we'll see improvement. (P19)

You see, with the Vaka Council, it's got a political taint in it. It doesn't really go down well with the people because they still have that division – CIP and Demo[24]. But when it comes to the village committee, everybody is equal. I think that's why. (P2)

Some participants were critical of the electoral system that might have contributed to the 'power struggle' between island Members of Parliament (MPs) and the Mayors.

If the Mayor is getting more votes than the MPs because the MPs only represent the constituency and the Mayor is voted by the whole island, I don't see why Mayors shouldn't get the same power as that of the MP or maybe the islands shouldn't have an MP. (P5)

A person, who commands the majority in Parliament is elected as the Prime Minister under the Westminster Parliamentary system. In the case of the election of the Mayor, the whole Island elects the candidate; whereas, MPs are elected by their smaller constituencies in the islands. According to the participants, these methods of election might have contributed to tensions in the system.

The people elected the Mayor. It's not the Island Council members that elect. (P1)

I heard this myself, the mayor was saying forget about those two (MPs) I am voted from one end of the island to another. (P12)

There should be a structure, eh? They (Mayors and MPs) should actually fall under a structure where they could all work together. (P5)

I can give you an example. Today, it's happening in say, Mangaia for that matter. There is an Island Secretary, a Mayor and three MPs but the Mayor only favours one or two MPs, and not the rest. Besides, the Mayor does not see 'eye to eye' with the Island Secretary, so there is conflict. Now, you can see the problem will not go away. (P12)

Future for Island Governments

When participants were pressed for answer as to why it took over sixteen years (1996 – 2012) since the public sector reform to introduce the new Island Government legislation, and whether this piece of legislation would work for the outer islands, there were mixed responses from participants.

> We don't know. We will just put it to the test. Through trial and error we can only learn. (P8)

> If there are issues of conflict between them, I don't think it's going to work because the Mayor will try to undermine the Member of Parliament, the Island Secretary can undermine both of them by providing them with wrong information. (P20)

> The Island Council should be responsible for most of the development on the island in consultation with the Central Government. Central Government should highlight policies, and strategic directions overall for the Government. The Island Council should align their policies to the national vision and then deliver island specific programs. That's where the flaw is in the system. The Island Councils think they are the law unto themselves. (P20)

Participants described some of the positive outcomes that might affect outer islands in the near future.

> It's only lately that we are looking at it. But the draft Bill that is to be tabled in Parliament soon will hopefully make some improvement. Improvement in the sense that the devolving of power and authority will be from the National Government to the Local Government, particularly in the area of infrastructure. (P8)

> This new Government promised they will give more power to the Island Councils to have the mandate to run their affairs in the outer islands. (P18)

> Oh yes. That's why I was brought back to take charge and to have the Act completed as quickly as possible. Again, Government wished to empower the Outer Islands in making decisions for themselves. (P9)

> Already some islands have better systems. Mauke, for example has a better water supply than Rarotonga. Its generator system is pretty good, and is modern. (P9)

Conclusion

On contrary to the belief that Island Governments were part of the mainstream government system, this study found that the majority of the participants voiced their concern that Island Governments were sitting outside of the NPM system. This was because they operated under the 1987 Island Government Act (repealed in 2012-2013 at the time of this study). Whereas the Island Administration, headed by the Island Secretary, provided the core function of administration in the islands. The study noted that this was one of the major causes of conflict in the outer islands. Secondly, because of the composition of the membership of island governments and the organisational structures, arranged along political party lines this may have contributed to divisions and conflict among the island population.

Participants were also of the view that, although there had been legislation governing financial and personnel management, there had been no legislative framework governing devolution which would have established island government structures and procedures.

A number of participants strongly believed that the reform did not go far enough to define the role and the place of the Island Councils, for the people to follow. The absence of a new devolution legislative framework might have contributed to the confusion that led to conflict between the members of the island council and central government. Even with the new 2012-2013 Act coming into effect, participants were sceptical whether it would resolve the issues faced in the outer islands. In this regard, three major concerns were identified: the membership of the Island Council, the existing political structure including the electoral system, and the administrative reporting channels which would continue to frustrate and undermine Outer Island Governments to reach their full capacity to support their people.

In particular, participants were concerned about the on-going conflict between MPs, Mayors, Island Secretaries, and in some cases the Ariki family and the Island Councils. Some participants were fearful the 2012-2013 Island Government Act would accelerate the already volatile situation.

Part 3: Relationship between Central Agencies, Line Ministries, and Government Agencies

In this section one view was taken from a central agency employee, three from line ministry[25] employees, and another one from NGO. The others had little to say.

A key informant (S2) responses to why NPM was needed in the Cook Islands were:

> The reform was meant to save a bankrupt country. To do that though, some of the domains that use public money needed to be restructured. But more so to overhaul the way Government was spending money that needed overhaul. (S2)

> First, the Cook Islands was bankrupt. It hurt. And then Government brought in ADB consultants to start refocusing where they were supposed to be; where Government's core functions were, and what it was supposed to be doing. (P9)

At the time of devolution, PSC devolved much its operating functions to LMA and IGs. There was an experiment (trial and error) to see how it would work. However, due to capacity constraints, it became a challenge where there appeared to be mixed results.

> PSC relinquished its powers to hire and fire of public servants to determining entitlements of employment only. The hire and fire powers were within the control of the PSC until the reforms in 1995-96 when these were changed to empowering HOMs to do those tasks. (P3)

> We trialled the devolution process and it had mixed results. We decentralised everything, devolved everything to the Outer Islands – to all the Ministries. The Island Governments were responsible for their education, for their health system and then later on these were recentralised; all these things were given back to the Central Agencies. There are mixed results because of the capabilities issues. People were not trained. The capability wasn't there before devolution was introduced. Government's intention was good but entities weren't equipped. (P3)

Line Ministries want to retain their discretional powers, as they felt it would work well for them. Participant (P20) was critical of central government's role in curbing HOMs powers to run their organisations. According to P20, they were already constrained by budget allocation:

> We can't award our employees under the "good employer" provisions of the PSC Act. (P20)

In addition, individuals who held key central government positions were reluctant to devolve powers:

> Those who get into key positions like the Finance Secretary and the Public Service Commissioner, there is a reluctance to devolve powers. (P20)

> Under the Cook Islands Public Service Act, this is the section that's in the 1995-96 Act and the 2009 Act where the HOMs are empowered to have control and to act independently. Yeah, because I have arguments with these people (PSC) but it's like arguing against a rock when you are dealing with people who don't have an appreciation of legal issues. (P20)

> The Commissioner and the powers that they think they have; this wide power to dish out instructions - that's gone. What's supposed to be is the new model of governance, and that is to devolve the powers and responsibilities down the structure as far as possible. (P20)

However, the review of the devolution of powers to HOMs and Island Governments had mixed results. P10 pointed to reasons for the inconsistency in the public service when devolution was introduced.

> I think the Public Service Commission decided they needed more control while the system was to empower Heads of Ministries to deliver the outcome, given that flexibility. How they achieve the outcomes is at their discretion. I think the experiences after ten years, showed that there is too much variance across all departments. (P10)

> Since then, we've standardised HOMs travel policy, vehicle policy for the whole of the Public Service and most recently, (last week) we introduced the Public Service leave policy that standardised all provisions within the public service, regardless whether you are in MFEM, Police or elsewhere – that is, one rule for all. So, all public servants now have 20 days annual leave. (P3)

P3 attributed the main reason for the irregularity to the ambiguity of the Public Service Act of 1995-96 that was opened to interpretation.

The reason was that the Act did not have regulations and it did not make reference to a set of policy guidelines or provided for a standardised structure(s) to operate as an organisation. This flexibility eventually led to varied policy initiatives and operating systems within the public service.

> I think when I came in here (PSC) the focus was on investigation, dispute resolution and all that. The idea was to change that approach to developing policies that will assist the HOMs so they are guided in exercising their authority as 'good employers' so that we receive fewer complaints and disputes from staff, due to poor management by the HOMs. (P3)

> I know that there is a push by the government to introduce new governance structures which will substantially change the current set up. These changes will address the duplication of roles and responsibilities in the public service. I think it could be resolved because the government is trying to streamline and simplify these arrangements. But I don't know, time will tell. (P10)

P8 believed that blame should be laid at the feet of government agencies for the rapid outmigration to Rarotonga and overseas, which resulted in a severe depopulation in the outer islands.

> Public Service and, even the respective Ministries should be blamed for not encouraging skilled and trained public servants to return to the outer islands by making the remuneration packages more attractive to outer island employees. (P8)

Conclusion

Participants were of the opinion that the devolution of powers to Line Ministries and Government Agencies (LMA) were retreating under the recently redesigned Public Service Act 2009. The reasons given for Central Government Agencies attempts to wrestle power under this new Act was to prevent further fragmentation of policies and practices in the public service. One of the reasons was that the 1995-96 Public Service Act was loosely constructed in a hurry at the time of the reform. Consequently, it allowed LMA to design their own systems, control their budgets, set their pay rates, contract out services, and design their organisation policies which at times conflicted with government's objectives. These development led to fragmentation in the system.

On the other hand, LMAs and Island Governments argued that the intention of devolution of powers as contained in the 1995-96 Act did not change in the 2009 Public Service Act, but this has been misinterpreted by Central Agency personnel.

Relations between the House of Ariki and Koutu Nui

Some participants described the relations between the House of Ariki and Koutu Nui as strained.

> Well, according to the House of Ariki, they tell us what to do but that's not it – no. We have our own belief what we want to do for the people. (P2)

While this situation was put down to personality differences, there were also structural concerns relating to roles:

> This is just because of Pa (Ariki) and Tetika (Mataiapo) didn't hit it off well. Tetika is a humble person but Pa, she had that attitude, I am the Ariki, I am telling you what to do but it doesn't work. Maybe because Pa (Ariki) and Tetika (Mataiapo) weren't getting along. (P2)

The views that were shared indicated that even Government was aware of the animosity between the two institutions.

> . . . the day I received a letter from OPM office (Cabinet Secretary) stated that the House of Ariki and the Koutu Nui would have to settle their problems. Well, I looked at the letter and wondered where the hell was this coming from? So I rang x and he said, "…people are talking about it. This is what I heard. I just put in black and white". (P2)

> The traditional leaders have their own internal conflicts because the Koutu Nui thinks it's level with the Ariki, and the Ariki are saying, "who are these people?" Until they come together, one of them will have to carry the flag but it's good to know that the issues are coming from the Koutu Nui which has more impact. (P12)

One other version of the conflict between the House of Ariki and the Koutu Nui was said to be political.

I think it was 1966 that Government created the House of Ariki, then in 1972 the Koutu Nui was introduced as part of the House of Ariki. But there was a bit of jealousy. Simply because a lot of Ariki were unhappy. Makea wasn't keen on the Koutu Nui because she had her own Koutu Nui – she had her own coat. Karika in one way was neutral. When it's CIP Karika goes which was good and Pa (Ariki) wasn't. There was a bit of friction amongst the Ariki. There was still a bit of jealousy. (P2)

Personal differences within the Koutu Nui and the House of Ariki were the third most discussed issue. These were common when traditional titles were decided by the family.

These Participants preferred that traditional matters should be resolved by the families rather than by the Courts. They said:

Now, there is no Ariki on the island because a lot of people are against each other. So now Government is finding a way to solve the problem. (P19)

Some people in the Ariki family went to Court to have the judge decide who would be the real Ariki. That's another system they've got now. I think the old system was better. People should leave it to the Mataiapo and Rangatira[26] to decide. Yeah, that is their system. (P19)

I think the facts that the Courts are deciding on traditional titles now, is really a sad thing. (P15)

It's a bit messy. It is. I'm from Ngati Makea. That's my tribe, and we are in an awful mess. We can't even sort out who should be our next Makea. (P11)

Disagreement sometimes involved Central Government, Island Government, and the Ariki families. This was particularly obvious in projects that involved the three personalities on the islands - that is, the MP(s), Mayor, and the Ariki.

When you place those three people (MP, Mayor, Ariki) on an island where there is no legislation, where the Parliament is not there, where the House of Ariki is not there, I think it becomes more complex. (P15)

But sometimes, in some islands, the Local Government thinks they are the head, they are the boss, and now you can see there is no

development on those islands because there is conflict between the Chief and the Local Government. Mitiaro is still controlled by traditional leaders. But nowadays, Central Government is trying to involve the Local Government. We found out now that the Local Government thinks they are the head of the island. For me, they are the working arm of the Central Government. (P1)

Conclusion

The majority of participants had a good understanding of the various agencies, which made up the national government decision-making process however, there was less understanding of the relationship between the parts or how changes made in one part might impact on other parts of the system. The concept of governance involved partnerships and inclusion of non-state actors and civil society in national decision-making is yet to be realised.

In this section, participants placed the two most important people-oriented organisations ahead of others: the Island Governments and the traditional Ariki system (House of Ariki and Koutu Nui). Most participants generally agreed that at self-government the powers of the Ariki (and Koutu Nui) has been curtailed at the National level; that is, they became figure heads.

However at the village level, they still had powers relating to tribal titles, lands and customary practices. Participants still wanted the Ariki (and Koutu Nui) to have a place in governance. Although traditional leaders were found to advise government from time to time, they were not fully incorporated into the decision-making process. Despite the intensive consultation between government, NGOs, and civil society these groups still operate outside the mainstream government system.

On the other hand, participants were divided on how much power traditional leaders should have. Some said they should be given more powers, others said their powers should be reduced, while some wanted the powers and roles of the Ariki (and Koutu Nui) to remain unchanged.

In view of the relationship between the House of Ariki and Koutu Nui, participants acknowledged that there exists tension between the two traditional institutions. Some participants put this down to political manipulation, while others said it was due to personality differences. At the time of the research, there was agreement that the two institutions were cooperating with each other and working intensively with central government on important policy issues such as the Marine Park and emigration.

Part 4: The Cook Islands and New Zealand's 'Special' Relationship

As noted, the Cook Islands relations with New Zealand influenced the type of government system and had a major influence on the introduction and implementation of the new public management (NPM) sytem, which has continued to this day.

A number of positive outcomes from this relationship were raised besides the negative aspect that stemmed from this unique relationship. These outcomes are highlighted in the next section.

Another outcome was free movement of Cook Islanders to and from New Zealand. Migration has opened up a lot of opportunities that encouraged families to live and work overseas, then return now and again to family obligations such as family unions.

> And I think the family union is really useful as it contributes to development. (P15)

> The term I use is "release valve" because we have limited land area and employment opportunities. There is population pressure on land so people move overseas. Just imagine if the Cook Islands is fully independent. What could we do? We will need to change our land tenure system. (P8)

Participants were of the view that the special relations between the Cook Islands and New Zealand were that:

> We are able to make our own decisions on global issues. For example, we can sign up to treaties and conventions. Unless we agree for New Zealand to do it on our behalf, it is our business. We have an identity as a people even though we do not have our own

passport. We have the freedom to come and go to New Zealand at any time. (S3)

Another national benefit that was mentioned was the flexibility the New Zealand Government accorded to Cook Islands pensioners.

> When the New Zealand Superannuation Scheme started in 1993, Cook Islanders in New Zealand were given the freedom to apply for and transfer their pensions to the Cook Islands. Some of those people are from the outer islands, so these pensioners were collecting their pensions in the outer islands. (P8)

> Right now this is what we are seeing. The ones who are collecting their pensions are coming back. (P15)

But the 'special relationship' also had its disadvantages:

> The downside is the easy way people can come and go which is part of our mass exit problem. (S3)

> Definitely there are a lot of problems because of the freedom Cook Islanders have, being New Zealand citizens, and holding New Zealand passports. This easy access enables highly trained and skilled Cook Islanders to move to New Zealand, Australia and even abroad to England and Europe; and to places where they felt their rewards are much more satisfying. (P8)

> You talk about outward immigration. It didn't happen today. It happened before and will continue unless we start looking at measures. (P12)

With the declining resident population, there has been notable influx of foreign labour into the Cook Islands.

> Take for example a lot of overseas doctors are working at the hospital. There are a lot of doctors from Fiji, and South East Asia such Burma (Myanmar) and the Philippines. We have male nurses from Vanuatu and the Solomon Islands. Even the area of textile, sewing, tailoring and hair cutting, in particular male barbers, there are no Cook Islanders in these professions. (P8)

> I have nieces and nephews who are now married to Indians, Fijians and Samoans which does not dilute our cultural traditions. If fact, it strengthens it because these people don't return home but stayed here and lived under our laws. (S2)

One opinion was to change this 'special' relationship in the future.

> The relationship in the first instance is really about citizenship. I think in the future Cook Islanders may move for a special status – being Cook Islanders in their passports and associate with New Zealand. (S2)

Outcomes

One participant noted that government has cooperated with traditional leaders in moving numerous public policies forward.

> The Government has realised that to get their message to the people they need the Koutu Nui. We've done that for the *Raui* (protected areas). We've done that for the Marine Park. Whenever the Government does something, it engages the Koutu Nui on a consultative basis. The traditional leaders and the people have been consulted in the decision – making process, so the traditional leaders and the community feel good about that approach. (P2)

When asked about what made the community lively and active; one participant asserted that there are individual groups in the community that have made the community vibrant.

> You know, you see the school committees. They are automatically part of the village committee. When there's anything to do with the school, they have the announcement in Church. They have fundraising activities for the *api'i* (children) and those sorts of things. The Church plays an important role in getting the message across to the people. (P2)

Critique of Governance

Some critique provided by participants were:

> Our problem is we're working under a Constitution that poses a question today that our people understood it when it was put in place a long time ago. Did they know what it was then? Are they prepared to take the initiative to make changes today? Yeah, so that's the legislation that needs to be revisited. From that, the other bits and pieces of laws can be adjusted. (P12)

The Constitution for the last 45 years has never been looked at, yet now and again I hear people say, no, "we've got to revisit the Constitution Act". (P12)

But at the same time we aren't holding back by putting in amendments to other subsidiary legislations. For example, we were quick to repeal parts of the Cook Islands Act 1915 to enable custom's tariffs to take effect a few years back. (P12)

After coming into Parliament and finding out that the current Legislative Act 1968-69 with a minor amendment in 1992-93 was so outdated to the real situation of today. I was quite shocked that it was not updated. (S3)

I lived in Manihiki for three years. I have felt most of the time that the expression "out of sight out of mind" truly fits the island's situation. While we promoted development from the centre (Rarotonga) we did not give the islands the (skilled) people and the tools they needed to develop in the same way as it should be. The Outer Islands are so many steps behind Rarotonga. While there has been a lot of talk about development there has not been a lot of action to make the transition. (S3)

Compare Rarotonga to the outer islands, there is no balance. Compare the southern group to the northern group, it's not balanced. I have been there, it's sad. The people are really struggling in the outer islands. (P6)

It was pointed out by a participant that Parliament is weak and so, political and judiciary reforms could not proceed.

The way I see it, the Legislature is weak. That's our MPs. That is our Parliament. They have a lack of organisation. The MPs – the people we voted into Parliament have no idea what the new public management is about, so how could they make informed decisions to improve the Judiciary, another arm of government that endorses the rules of law. I don't think there's any intention made to reform that area. There is a need. The way I see it, we are just following the same old things. (P4)

. . . the following up and implementation of (Audit) reports is slack and might highlight the parliamentarians weakness in taking action. (S2)

> The Judicial system is fine. It's the best under the circumstances. The only thing that needs to be looked at is the other chair; the JPs (Justices of the Peace) need to upgrade their skills and improve on training needs. The Judiciary is always independent. As long as I was here, there was no attempt by the Executive or by Parliament to curb the role of the Judiciary. (P20)

A Commission of Political Reform, which was established by Government in 1998 made some recommendations. Nonetheless, these recommendations were not implemented.

> There's a review conducted by a Political Reform Commission. There was a Commission set up by Government to review the political system. You will notice in that report it mentioned about reforming the Parliamentary system as well. I think Parliament only managed to reduce the number of MPs by one seat and that was the Overseas seat. But, in my view, that's another weakness because if we can't reform the Legislature, there is no way we can move on to reform the rest of the public sector. (P4)

> Unless, we maintain the same number of MPs but reduce the salaries by, say to $15,000 a year or $25,000 because MPs are becoming state employees kind of thing, and people look forward to becoming MPs because they are getting higher pay, and they don't work. (P4)

> The MPs (they) only sit in Parliament maybe 10 to 15 times a year and collect their pay. I mean, what kind of a system is that? (P4)

The NGOs were yet to be included in governance despite the completion of strategic planning exercises.

The traditional Ariki, community and women's planning, churches and community building halls overseas, which were supported by the Ariki system, were not integrated into the overall local government and national government development plans.

Conclusion

There were positive and negative aspects of the special relationship between the Cook Islands and New Zealand. From the outcomes of this study, several advantages were identified.

For instance, New Zealand provided a form of government that involved community participation in decision - making. It was influential in the implementation of NPM, which streamlined government's functions.

Two positive aspects of this relationship are that, it provides the freedom for Cook Islanders to move between the two countries, to live and work in New Zealand. The New Zealand government provided aid, which saw projects and programmes been implemented. The free access condition, indirectly solved the country's problem of overcrowding. At the same time, it accelerated mass outward migration.

With the continued loss of the working-age population, foreign labour was subsequently hired. The influx of foreign labour could eventually change the face of the Cook Islands culture and traditions as it moved towards multi-cultural society from a homogeneous one. Some participants welcomed such a move, while others were unsure.

Chapter 6 FINDINGS (PART 2)

New Public Management Outcomes

This chapter presents participants responses to research question 2: What are people's perceptions of the outcomes of New Public Management (NPM) in the Cook Islands from 2006 to 2012? As seen, some of the outcomes were viewed as positive, while others were more negative. However, it must be noted that governance is an open system, so it would be expected that change in one part would impact on other parts of the system. Therefore, the findings of this study are a combination of activities and factors that influenced these outcomes. The chapter is in three parts: positive and negative outcomes; a critique of the reforms and the focus of part three is on emerging challenges.

Part 1: Positive Outcomes, Negative Outcomes and Constraints

Positive Outcomes

There were a number of positive outcomes identified by participants and key informants. These positive outcomes were related to government processes that included management systems, access to public information, accountability to the public, and job satisfaction at work. Participants were critical of how government mismanaged the economy and went bankrupt; and therefore, the Public Sector reform was necessary.

> First, the Cook Islands was bankrupt. It hurt. And then Government brought in ADB consultants to start refocusing where they were supposed to be; where Government's core functions were, and what it was supposed to be doing. (P9)

> The reform was meant to save a bankrupt country. To do that some of the domains that use public money needed to be restructured. (S2)

When questions were asked about the results of the reforms there were mixed views. Almost everyone agreed that a lot of positive things did occur, because the public service was becoming leaner, easy to manage, and was based on performance.

The NPM system was an output-outcome-result oriented system. It promoted a fair and an equitable award system based on merit and performance.

> In hindsight, if there have been a longer time frame for putting the program together, maybe the important institutions in the above named sectors you mentioned might have been included where necessary to be fined tuned. But somehow some of this work is happening now as we move through this period. (S3)

> It is a positive step for transparency, making known some things that used to be highly confidential available to the public. Although in practice not all information would be made available to the public but at least the Official Information Act is there. (P8)

Almost all the participants have seen improvement in the new management system.

> I think the previous administration has got to embrace the new public sector management as it is based on performance, and the (incumbent) HOM serves for only three terms, but on performance. That's one. Also there were restructuring of some Ministries, and the merging of some Government Agencies. (P4)

> Maybe it's part of the reform but the way I see it, it's our public servants who are becoming aware of the importance of education. You can see the number of public servants continuing education at the University of the South Pacific (USP). The increasing number of graduates at the degree level has never been achieved before. (P4)

> In the Public Service people are made accountable and things are being done in a transparent manner - the way it should be. The bad thing is that people forget at times that these things are accountable but they try to avoid it. (P12)

There was an improvement in the management system as the government had incorporated business practices into the public service. For instance, the use of medium-term strategic plans and the annual business plans as management tools for development has advanced government's goals in achieving the 'highest quality of life' for Cook Islanders.

> Manihiki has its own strategic plan. It already has a five-year strategic plan that was completed a few years ago so that's what we follow. Our annual business plan is based on this strategic plan program. (P14)

It (NPM) has improved because now the fact that you have to have a business plan to verify your budget. To me that's one of the key tools that resulted from the reform in the public service. Whatever you prepare in the budget must be linked to the NSDP. (P15)

Whereas some participants thought although there were positive outcomes in areas such as transparency, accountability, and good governance, more should be done to improve and sustain the reforms.

I think for the last ten years, 200 locals have graduated in-country. I don't know if this is related to the reform but it could be because that's what the previous HRD's[27] result showed. They've done a really good job but with other sectors, no, it was still the same. (P4)

The MFEM & PERCA are good, as the financial practices are more accountable and we gain confidence from donors in the Water Project, Waste Disposal Project, Tourism grew, and the Pearl industry that grew. We have the Trade School which trains adults to fill the gaps in certain disciplines but it seems many of these activities have gone backward. (S3)

MFEM's systems have been put in place to provide better scrutiny of finances, promote accountability, and the current Financial Secretary is vigilant in saving money but I don't agree with all the ideas as it forces people out of jobs. (S3)

I can only confirm the positive side of it now. It's (NPM) working for us. (P13)

Better management of people's money through a budgeting process and following the MFEM procedures is good practice. Directly, Government has no choice but to take into account good practices, especially if people's lives are at stake. (S2)

Participant (P13) spoke of the new method of service delivery, which has encouraged public servants to be proactive in what they do. It has also given the employees job satisfaction.

The only result I got from the changes was that I was proactive. So we're much more proactive now and we're able to work together and get the results, and I like that. (P13)

(P5) Likes the way the NPM system is operating, but wished more could be done to limit political interference from Ministers so that, HOMs and staff can effectively provide services to the community.

> I actually like the way it's been run under the HOMs. I prefer it that way and I just feel that maybe a lot more should be put in place so that HOMs do not get interfered at all from the Ministers. (P5)

> Ministers should be dealing with regulations, with legislations, and deciding on what's good for the nation and let the country be run by other people. The Minister's job is to look at legislations. (P5)

The NPM system and its positive outcomes, for example:

a) for the women population -

> They are doing their arts and crafts. There are a lot of activities for the women on our island, not only in their homes but there are various organisations that they have affiliated with. (P13)

b) for the private sector –

> If we talk about post-reform years, yes, absolutely. I think the private sector unanimously would say that the scope for the economy is better under the reforms, from little things like you get paid on time. (P7)

> Well, yes, of course economically our tourism is doing well. (P12)

> There was a boost in crafts, agriculture, small local businesses, tourism and pearl trading grew. (S3)

c) for the public sector –

> We have made a lot of achievements during the Reform, yes. The devolution of authority encouraged HOMs to design their own management systems; to lead their Ministries in a manner that is suited to the Ministry's context. It also gave HOMs an opportunity to exercise their authority as an employer and to interpret the definitions as to what a 'good employer' means to them. (P3)

> The public sector reform improved the system, in the sense that employees are now recruited on merit. (P8)

The MFEM and PERCA Acts are good as there is financial accountability and we did gain confidence from donors in water project, waste disposal project, increased tourism, and improve capacity by training of adults to fill gaps in the workforce, and more homes were built. (S3)

d) for the NGO's –

NGOs were in place because of the services they provide. They just pick up, and go with it. The NGOs become so good at what they are doing that they have been seen as part and parcel of our development. (P15)

Negative Outcomes

As mentioned earlier in this chapter there had been mixed results of NPM outcomes after the 1995-96 public sector reform. The negative outcomes include the lack of capacity to sustain the system as a consequence of outward migration. While outward migration existed before the 1995-96 reform, the rate of migration had increased since the reform. Thus, the lack of human capacity is both a consequence and the cause of the problem.

There have been allegations of corruption in the procurement and awarding of contracts, and the incidence of nepotism in the workplace. Participants thought the reform had induced high cost of living as a result of the rise of natural oligopoly which controlled the price of goods and services (see Chapter 2). There were high interest rates on borrowings, an increased in poverty rate largely due to job losses, the high cost of living, and a reduction of opportunities for the locals. A shift in development strategies – from governance and social services to maximising return on investment (taxpayer funds) has resulted in an imbalance between the outer islands and Rarotonga. This imbalance in development was said to have contributed to depopulation in these islands. Some of the negative outcomes experienced by the participants are presented in this section.

In regards to policy decisions, one participant said:

Over here you see there is a lack of policy analysis. I think decisions are based on emotions or whoever is controlling the administration.

For example, the Ministry of Education and HRD. The HRD did a really good job. It was one of the best organisations of Crown Agencies in the country that showed positive results. They supported specific policies relating to capacity building of the country. Now, they've been merged with the Ministry of Education who has the biggest budget in the country but showed poor results. (P4)

How can the Ministry of Education want to run HRD when it can't even run its own Ministry? (P4)

One of the matters raised by participants was how the Cook Islands could address the issue of outward migration, and where does it start?

Maybe we should look at our policies again. In particular, we should look at our policies relating to our 'special' relationship with New Zealand. (P12)

Yeah. Look at Samoa, they don't have that problem. Look at Tonga. Why? Because they can't just jump on the plane and fly away. A classic example was in 1996 when people were relocating during the reform, as a result of Government's poor management. It was not their doing but Government's. (P12)

Look at Samoa, an independent country. Look at Tonga. Look at Fiji. We can't really stop people from moving. It is a matter of choice. That's the life we live. (P8)

In a small developing island state such as the Cook Islands, balancing the act of conflict of interest, avoiding corrupt practices, and at the same time protecting 'public interest' are contentious issues.

Well, he is the Minister of the organisation. The organisation tenders out the contracts and awards it as well. So, (he) the Minister has the advantage of having inside information from the Ministry to make it look desirable to Government which results in a successful bid. It looks transparent from the outside but actually, it is not. This is part of the Reform. Yeah, people are changing the way they do things. It may look transparent and accountable from the outside, but in fact, it's daylight robbery. (P4)

The practice of manipulation was not only confined to Ministers and those wielding powers of authority, but spread throughout the public sector. The participants suggested that despite the reforms, there is still nepotism in the selection of people for top jobs.

Even the public sector, the way we do things. We make things look transparent but we know it's unethical. (P 4)

The Cook Islands is only a small place. Everybody knows everyone else and most people are related. So, there is bound to be favouritism. I don't like this word. Perhaps, it's a Pacific way or the Cook Islands way. You help me, I help you. (P8)

Piripiri (nepotism) always comes into play. *Piripiri* , the CIP. When the Government was CIP, they bring in CIP supporters, whether they are dumb or clever, and it works both ways. Whenever the Demos come into power, they do the same. Yeah, there is nepotism in the system. When it comes to Vaka Council elections, and if we are CIPs, we put in our members. (P2)

I think (nepotism) is still going on. It's one of the political ways. They never go by seniority or qualification. They go by personal support (P16).

Participant (P14) was concerned that the country now has more money than before the reform, nevertheless, the public sector was too expensive to operate and maintain.

We have plenty money, but there is increased in the cost of maintaining public servants. They're very expensive. That's how I see it. We have a very expensive public sector. (P4)

The ridicule did not stop with the public sector, it applied to the banking sector operating in the Cook Islands. Participants thought the banks charged too much interest on loans, which was a disincentive for investors to invest in the country's development.

Yeah, the way (they) the banks operate as a business here. It's not stimulating economic growth. It's not attracting investors to come here. (P4)

One challenge was the outer islands migration, where Government was thought to be the main player in emptying the islands without giving much thought to it. It brings people from the outer islands to Rarotonga for the *Maire Nui* festivals, so people plan their 'get-away' strategy around these trips.

People leave. You know, from 2006 to 2011, during the Maire Nui festival, people left the island. That's the only way that anybody can get off the island. (16)

Jobs streamlining under the NPM regime was said to have created unemployment, so new ways of survival tactics emerged. One way was to look for food such as collecting coconuts to feed families and another was to adopt children (in name) in order to collect child benefits from government to sustain people's living in the outer islands. Participant (P14) classified these practices as bordering the 'poverty' line.

> I call it poverty because there are families that have no job. Now, they're into the basics; collect coconuts, do this, do that in order to pay their power bills. Well, how about I just go and grab someone else's child and I will feed that child as mine and that becomes $30 income for the fortnight. I call this 'poverty' because that is a poverty form of living and there are families who fall into this category. (P14)

The Island Councils have seen these hardships, the widening gap between high income earners, lower income earners and the unemployed on the islands. The Island Councillors have tried to work within the existing legislation and government policy frameworks to give jobs to families that have no income on these islands.

> Our Local Government acknowledged all that. They saw it and they would come up to me and say, "hey, is it possible to place this person in this post because there is no-one else in this vacant position". I will then have a look and assess the situation to see the type of labour required for the position to be filled. (P14)

> What I am saying is the gap between the higher to middle income earners and the low income earners are getting wider and wider. What makes it more difficult is the high cost of living. And the worse affected are the Outer Islands. (P8)

> I will go back to what you first asked. In my time I asked for the cost of people on the island. I never go to the Island Secretary to employ anyone. I just see families that don't have income and I talk to people who can employ one of the family members to earn an income for the families. (P18)

> Some people rely on the Member of Parliament (MP). You know, in their campaign they promise something in return (P16). It will be bad for the MP if he does not deliver. He will be in trouble. (P18)

Constraints

Constraints are limitations that hinder development. In SIDS such as the Cook Islands there are constraints that could alter, slow down, or divert the course of development.

The shortage of land, small market condition, the geographical position (isolated from main market routes), environmental conditions, vulnerability to natural disasters, and lack of capacity to sustain the reforms are some of the constraints that have been identified.

For example -

> They (government) provide assistance to the people that were laid off work at that time but they didn't provide training for these people to take up business opportunities they set out to do. (P12)

> The government was saying "implement it!" And in the backroom senior government officers are saying "we need to get rid of it". We need to review it, what is no longer appropriate to our situation". (P6)

> How do you teach somebody to learn this complicated system of accounting? We in Rarotonga are still struggling. Ministries in Rarotonga are still struggling (to understand). How do you expect somebody in the northern group (islands) to understand? (P6)

P4 said, "our people are not entrepreneurs . . . they were not trained". That was why "those that took the redundancy payout paid one way ticket and left the country." (P12)

One of the constraints to development was the country's vulnerability to cyclones and tidal waves. According to P8 "we had five cyclones in 2005 that devastated the whole country.

Participants saw the limited availability of lands as constraints to development. As presented in Chapter 2, the lands in the Cook Islands are collectively owned by the Ariki and the families[28]. Lands are not openly made available to people from outside the family lines. Some participants looked at reforming the land tenure system to enable the Cook Islands to develop.

> For a quarter acre of land there are about a thousand people who have an interest in it. The Cook Islands need to reform its land tenure system. (P2)

> It probably won't happen in my lifetime but there is a need to pursue it because a lot of land is vacant, but in fact, these lands have already been allotted to absentee landowners. It's just lying there when it could be utilised. (P2)

You probably read our 20 years sustainable development plan. It talks about what people could do for the next five years and how we are going to do it. But one of the biggest things it didn't address was land reforms and land use. Look around us. There are so many empty lands. There is nothing on it because we have absentee landowners. We can't touch it. Unless we revisit our land tenure system and put in place a land reform program, absentee land ownership will never stop. This so-called national sustainable development plan is just a piece of paper that will not work. (P12)

This participant saw the link between development, the land tenure system and outmigration. Nevertheless, the sensitivity of such proposition to change tradition was acknowledged. This sensitivity was because the powers of land allocation based on cultural traditions was outside the control of Parliament. So, the question was who should take the initiative to reform?

It's at the policy level. The Government of the day or whoever that is in authority will need to have the guts to start looking at it, if we want to address the issue of outward migration. Nobody wants to initiate it, that's the real fact. Somebody has to do it. Maybe the initiative should come from the House of Ariki. (P12)

One constraint that was critical in implementing the NPM system was the lack of understanding by policy makers of the underlying concepts behind the reforms. This lack of understanding could be one reason for the delay in pursuing political reform.

And another thing too, even our MPs don't understand the term 'new public management'. That is why there's no political will, and no support to reform. Yeah. Nobody wants to sacrifice - to downsize the number of MPs. I don't think we can move far if we can't fix those things. The MPs are the ones that make decisions at the end of the day, so they should decide. (P4)

Participant (P8) named two other constraints besides limitation and access to land for development. These were the number of jobs and tourists.

We have a limited land area, we have limited employment opportunities in the public service, there is not much room for expansion in the public sector. (P8)

What can we do with seventeen and a half thousand people? We are very dependent on overseas tourists coming in. Yeah, pressure on the land is a real problem so people move overseas. Just imagine if

the Cook Islands is fully independent. What would we do? We need to change our land tenure system. (P8)

One way to keep government honest and responsible to the public is to have a code of conduct for the MPs. It was argued that the Public Service had one, but the Members of Parliament refused to have a Code of Conduct to guide their actions, which has been a constraint to 'good governance'.

> You see, that's the other thing. We have a Code of Conduct for the Public Service but not for the MPs. (P20)

Despite the many positive developments that have taken place under the NPM regime, there were cultural traits and spiritual beliefs that were constraints to economic development.

> The Penrhyns allow the boat to come in and rest on a Sunday because they allow the people on the boat to rest on land, but leaving on Sunday is not allowed. (P18)

> Once the boat enters the lagoon, that boat cannot leave on a Sunday. No. they just come in, tie the boats up and that's it, they rest. (P16)

> All the passengers would come ashore. There is no working on that day until Monday morning. That is how strong the church is. If the Island Council calls for a *kaikai*, [29] some of the people will come. But when the Church calls for the feast, everyone will come. If you don't come with *kaikai* one of the Church people will abuse you. He will abuse you, and the whole lot of your family including your mother and father. It's a 'must' that everyone brings food to the feast. (P18)

In terms of selection of personnel for top jobs in the Island Administration, one participant was sceptical. He thought the system would not change despite all the efforts made by the government to reform the recruitment processes.

> If the Member of Parliament is happy with the Chairman of the Committee of that constituency, he employs whoever that was recommended. It won't change. Never mind if, you know the job! Like our one. He's a man of 70 years and he's the Island Secretary for four years, as of today. (P18)

Two other participants gave examples of the powers of the Ariki system, which was outside the control of the Parliamentary system. One participant indicated that land

rights still remained with the Ariki and the family. The other participant suggested that the traditional system could be incorporated with Parliament if amendments were made to the Constitution.

> The Island Council can't stake any *tikaanga* (claims or rights) when it comes to land matters. The Island Council cannot put any *tikaanga* (claims or rights) over the lands because the control is in the hands of the Ariki and the family. The Island Council in the past tried but was not successful. (P14)

> This new government is interested in involving the Ui Ariki to be part of the decision- making. And this is good. Why not take it a bit further and amend the Constitution so the Ariki can have a seat in Parliament. The same as what has been done at the local government level. (P17)

Lack of capacity, capability, and training have hampered NPM from taking hold of the established market-oriented economy.

> If Island Councils were given the right training, tools, and there is political will from the Central Government, Island Governments could be able to work strongly in partnership with Central Government. (P11)

> In a lot of cases I think the problems arose because of the limited capacity of the people. Yes, I think training, education and availability of opportunities are the keys to positive development. (P7)

> In light of that capability assessment, we are bringing in a TA (Technical Assistance) to further determine how to address the capability gaps, whether it's in a specialised area in the Ministry or elsewhere. (P3)

> Now we're training the Public Servants to think why they exist in the first place; to deliver on their legislative mandates rather than spreading themselves too thinly on non-core functions that were not for the intended purpose. So we're training people to think. (P3)

As observed by P17, there was "nothing new here but what the difference is there is no support law or training to govern . . ."

Part 2: Critique of the Reform

There have been both positive and negative outcomes that were noted in this study. The outcomes were discussed earlier in this chapter. This section presents some critical areas in governance and NPM that were identified by participants and critiqued.

Participant (P12) was critical of the reform arguing that it was put in place in a hurry when some parts of the system were not adequately completed.

> Things were changed overnight. I tell you one of the reasons, although this new management system was put in place at that time, a number of legislations were not changed. I would say from the time of the reform until 2000 a lot of things took place. For four years, particularly for the people in the islands, they were trying to understand what the hell is going on? (P12)

P6 said –

> It's too much experiment. It's that we just playing around with the lives of our people. The (salary) banding system that I was talking about, it was poorly implemented. We have very constrained - very limited knowledge of the full impact of that system. It has been imposed on our people. (P6)

> Second, it's past time that we know we've gone through the experiment. We've seen it doesn't work. Let's go back to the old days. We run everything from here. What we did in the reform was bordering on criminal practice. It was a criminal practice from a government perspective. (P6)

Participant (P20) was of the opinion that the reform was inadequately completed, where parts of the Judiciary needed review. He was also critical of New Zealand's reform model that was introduced in the Cook Islands.

> The Judiciary system for us, we need to look at the whole system. I mean what's best for us. I think we really need to look at the small island state model because when you bring models from capitalist countries where production or manufacturing of goods are from countries that are rich in natural resources compare to the Cook Islands, the models don't fit. It's not a true fit. (P20)

I said no, because the people did not understand. I don't think the bulk of the people understood the reform. About 10-20% could understand but not the rest. (P10)

When a question was asked about the phase of the incremental reforms that took place after the 1995-96 reform in the Cook Islands, one participant said -

The reform was slow. Yeah. I would like to see it moving a little quicker. If we can't reform the first three arms of Government, there's no way we can reform the rest, regardless of how brilliant the ideas that MPs may propose. (P4)

Some islands have between 2-3 MPs but have one Mayor. When questions were raised about the roles that may be duplicated by the Mayor, Island Secretary or the Member(s) of Parliament (MPs), representing the islands. This is what participant (P12) said -

The Mayor is different. He is a representative of the island. His role is to oversee the welfare of the island communities. The roles and functions the Mayor is governed by the Local Government Act, which in effect, enables him to work hand in hand with an MP of a particular island. The MP's role is to be there in Parliament to ensure legislations are passed. (P12)

When participant (P12) was pressed for clarity, he thought (under such a situation) the position of the MP was duplicating the function of the Mayor.

One is duplicating the other. There are so many people making decisions for a small island, so the Mayor is thinking something else while the MP is going his own way. Now, at the end of the day, the MP wins because he holds the purse. (P12)

This situation was further complicated by the Electoral Act 1966, which split the boundaries into electorates for the election of MPs; whereas, the election of the Mayor involves the whole island – a Presidential style of election. So the contest for popularity often caused tensions in these islands.

The Mayor is saying I am more powerful than you (MP) are because I'm elected by the whole island whereas you're only elected by the electorate. I've heard this. I have heard the Mayor saying in the Island Council meetings. He said, "Hey, forget about those two MPs. I am elected from one end of the island to the other whereas the MPs are only elected by half of the island", and he's got a point. (P12)

You wait until the new *Pa Enua* Local Government Act[30] they are now putting through Parliament. When it comes into effect there will be conflict. Parliament is now giving more power to the Mayor. (P12)

It's not going to help. It will make matters worse. There will be a direct fight between the two. (P12)

For participant (P19) it was illegal for a public servant, under the new Island Government Act (2012-13), to contest an Island Council seat, unless he or she resigns.

If you are a public servant, you will not be allowed to be a candidate for the Island Council unless you resign. Not like before, only the Mayor has to resign. (P19)

One participant thought the Reform went well, but then fell apart around 2003. This sentiment was echoed by another participant, who thought the devolution process has retreated under the 2009 Public Service Act.

There was a lot in the reform for the island (Penrhyn) but after 2003, it all went down. (P16)

When the Public Service Act 1995-96 was put in place, I think that devolved a lot of responsibilities down to the Ministries. I now see that, the 2009 Act is taking a step back towards centralisation. Yeah. I think the Public Service Commission decided they need more control while the system was to empower HOMs to deliver the outcomes, given that flexibility. How the HOMs will achieve it, is their prerogative. I think the experiences of ten years showed that there is too much variation across all the departments. (P10)

There was a split in opinion whether to centralise some functions of government or to sustain devolution. It appeared that Central Government wanted more control, while Line Ministries and Agencies (LMA) wanted autonomy to control their operations.

The Public Service Commission now has a role in determining the structures of departments, so if the structure is too big, the Commissioner can recommend it to be reduced. (P3)

We have a role in determining the need for Ministries to increase, amalgamate or remove duplicating agencies. (P3)

I have arguments with PSC about the interpretation of Sections 7, 16, 17 and 21 of the Public Service Act, 2009. And unfortunately the

difficulty is the mentality of control is still here. They (PSC) are becoming control freaks. (P20)

The way I see it, it is weak, the Legislature. That is our MPs. Yeah. Nobody wants to sacrifice – to downsize the number of MPs. I don't think we can move far if we can't fix those areas. (P4)

The participant described how the MPs lacked understanding of what NPM entailed; therefore, they were handicapped in making informed decisions about reforms in other sectors such as the Legislature and the Judiciary.

That's our Parliament. It (they) lacked organisation. The MPs – the people we voted in have no idea what the new public management is all about, so how can they make informed decisions to improve the Judiciary – another area of government which endorses the rule of law. (P4)

One key informant thought there was an overall improvement in governance, but there exist challenges that needed addressing.

The audit area remains robust, but the following up and implementation of the reports is slack and might highlight the Parliamentarian's weakness in action. (S3)

The calibre of parliamentarians seemed to comprise a heavy mix of the community as opposed to national and international interests because of the limitation of the electoral system. No government has ever picked up the electoral system review done by Hagan and Taggy[31] which has some small, but very important recommendations for change. There are also ways that there is more representation of people in leading the country if the political reform report was followed through, somewhat. (S3)

Some critical areas of governance were not part of the 1995-96 reform process, in particular the island government system.

Because the local governance arm and how it relates to the central government wasn't locked down in the reform period. This is the very sad part of the government structure and may be the reason for the exodus of people from the *Pa Enua* (Outer Islands) that continues to this day. When you don't have a clear understanding of how much you are worth and or how much your contribution is valued, you move to another location where it does. (S3)

One example was the (Outer Island) Local Government Act of the Cook Islands that was passed in Parliament in 1987. You see, the reform in 1996 did not take account of that. As part of the Reform they said, "the Island Council is now in-charge of the administration". But that didn't eventuate and as a result, there were some disputes during the 2000 period. I'm one of those affected because of that misunderstanding. (P12)

I have always been an advocate or have spoken out on the outer islands. In saying that, as long as these islands are part of the Cook Islands they deserve the same treatment as others. (S3)

I haven't seen any impact in the outer islands. If you go and take a trip around the outer islands you will see that it regressed rather than progressed. (P11)

The outmigration from the outer islands caused problems. One was –

when they (people) leave to go to Australia and leave their children behind, and of course it splits the family. (P11)

I think what hasn't changed much is the lack of taking account of the social impact of Government policies. We are so pre-occupied with the economic and financial impacts. We are more focus on profits and losses rather than addressing the social impact on society of our decisions. So while it's good to be economically viable and sound, there is the weighing in of the social impact associated with it. (P20)

Besides the Island Government system that did not get overhauled, there were parts of the Judiciary and the Legislature that were not part of the reform.

Although they are each independent, each can only function at its best when the support system of the other two arms (of government) are on the same page with the finances, human resources, knowledge and skills, technology and so on. I guess because decision – makers are in Executive, and that arm gets to have assessments and restructuring but of course leaving the other two arms behind. (S3)

It is critical to review and reform the Cook Islands Judicial system, according to participant (P4) and key informant (S3).

We are just relying on New Zealand to drive our Judicial System. The High Court Judge is from New Zealand. There is hardly any local. The Judiciary system needs a review because how can you trust someone

else to come and set the rules for you. You set the rules and someone else dictates it for you. Instead of you saying, "no this is the way you follow, not your way". (P4)

The Judicial system is also so constrained in many areas. My view is that each of these arms of government must be on the same pace of restructure as the other because not one unit can function on its own. (S3)

Two participants thought the way the reform was carried out was not right. One thought people did not understand the reform, whereas another thought people were becoming more nuclear than before – individualistic rather than communally oriented.

The way we implemented the Reform was wrong because the main concentration was in Rarotonga. It was not fair. The other islands have to contribute. In fact, the reform did not work out for the other Outer Islands. It made it worse. It went back to the 1960s, and 70s. The outer islands were well off then. There were a lot of economic activities there in the past – like plantations. There was only a little government budget to support such activities at that time. The amount of budget that was invested in the Outer Islands was small but it retained the people there because there were economic activities there. (P4)

We went to the devolution of powers from the central government to the outer islands. Then we demolished part of the system where we got rid of the local government on Rarotonga and maintained the outer islands. And then, we took the powers of the outer islands back to central government – to the Ministers. It's on-going. It's never ending! It's just too much experiment. It's (that) we are just playing around with the lives of our people. (P6)

No. NPM made it worse. We can conclude that new public management has given a negative impact in our country – in a small country like ours. This term (NPM) is a foreign term to us. It's probably relevant to a country like New Zealand where the economy is large. We just grab this NPM from elsewhere, from New Zealand or Australia and bring it here. Look, after ten years we are going backward. (P4)

I don't think people understand the reform. In Manihiki, there is no way any public servant would know what's happening today. (P17)

People have become very individualistic. What's mine is mine.
Before, what's mine is yours because it was more communal. (P8)

One other criticism labelled at the existing Island Government legislation was that, it has provisions that were contrary to the newly reformed Acts. These contradictions were the cause of conflict.

> The reform was meant to be good. I mean, new public management that was introduced was meant to be good as it serves the needs of the people. But it could not function well if the existing legislation is not in line with other newly established legislations, this inconsistency could lead to conflict. (P12)

> One good example was during the devolution when Government said, "Okay, the Mayor is now in charge". There was infighting between the Mayor and the Island Secretary, simply because both worked under different legislations. (P12)

> The Island Secretary is responsible to PSC under the Public Service Act 1995/96, whereas the Island Council is still under the 1987 Act. It didn't come to a head until things got really out of hand. As such questions were raised with the Public Service Commission and even to the Central Government hierarchy in Rarotonga to have the issue clarified. (P12)

When the participant was questioned about the Memorandum of Understanding (MOU) between the Mayor and the Island Secretary to make the system operational, he said:

> To a certain extent, but it was just a band – aid approach to try and fix a deep-seated legal problem. That was the intention but I don't think it has fixed the problem. (P12)

The long term traumatic experience of the reform has remained in the minds of many people. Participants were critical of models of governance that could not fit small island states such as the Cook Islands.

> Socially we're still feeling the impact of that reform because we haven't reached the stage where – you can say, "well we have recovered from the reform". I think the practice is there but still criticisms are labelled at the way the Public Service was operating. (P20)

> I think there are factors that people need to look at for small island state model. It's not a true fit when you talk about supply and demand and the economy of scale, in that context. (P20)

One participant was saying Island Secretaries became rules unto themselves under the NPM regime, because they were delegated powers that they could abuse.

> The Island Secretary won't allow anyone to go to Rarotonga. If they're forced to come to Rarotonga, they will be cut off from the payroll. (P18)

There was also fear among the participants that policies that were alien to the Cook Islands' way of life could change its cultural values.

> For me personally as an Acting Island Secretary, it's no good forcing us to do this stuff, just to do it whatever they write and say, do it. It just won't work for us up there (northern group islands). It's going to change us completely. That's what it will do. (P14)

> When you introduce a new policy or an ideology that came from outside, such as that from New Zealand, what they are trying to do is change us up there, in Manihiki. (P14)

Part 3: Emerging Challenges

The Ariki rebellion has already been discussed. Two key informants highlighted other challenges which are impacting on the Cook Islands way of life today.

The Cook Islands as a Collective Society

In view of one key informant the increasing number of disputes relating to customary land claims was beginning to influence the nature of the Cook Islands family-based society. However, he disagreed with the view that Cook Islanders were losing their collective values because individualism has gained hold.

> Atiu people build community halls in Rarotonga, Tahiti, New Zealand, and planning for one in Australia testifies to that. Also, the other island groups with their halls in Rarotonga, and Pukapuka as well as in NZ. (S1)

> I believe the individualism slant is a Western and Christianity influence where the individual is identified as responsible for one's own soul, economic success and political survival. The blue laws dammed the old, old traditions. "The dog eat dog" mentality is reflective of a society that learned how to survive hurricanes and

droughts in an island environment. It is only through a collective approach that the islanders survived. (S1)

In the above quote, S1 was reflecting on 'individualism' as a foreign concept introduced by Europeans and Christian Missionaries in the 1800's. It emphasises individual responsibility for one's own conduct on earth and in heaven, after death. This was contradictory to the Cook Islands ideals of collective responsibility.

S1 gave a number of examples to demonstrate his point of collectivism in the Cook Islands society.

> After a cyclone the society depends on each other. This collectiveness is still seen in how they travel as groups in uniforms (tere party), travelling in groups to accompany bodies for funerals, ongoing family unions, and how the competitive spirit emerges in a collective form in competitive games. (S1)

The third question was about the classification of individuals in the island communities. S1 was critical about what he termed the Western political demarcations that undermined traditional identification when the tribes have been working together as a group in a collective manner for survival for years.

S1's views are reported in full here:

> Historically, you were either Takitumu, Puaikura, Te Ao Tonga, Ngati Napa or Ngati Arera. Now you can be all of the above. (S1)

> Allegiances were critical to collective defence, survival and success. Individuality was frowned upon as the stories of *Tamangori* in Mangaia or *Katikatia* in Rarotonga would suggest. (S1)

The tribes have been working together as a group in a collective manner for survival for years, confirming the notion of collectivism in the islands.

> Competition over women, land and resources required collective approach in order to succeed. The Atiuan use of Mauke and Mitiaro as a human food source at times of need is prevalent in Cook Islands oral history. Old traditional ceremonies were collective events. (S1)

> When Aitutaki was overrun by the Aitu (Samoans), assistance was sought from Rarotonga, Mangaia, Atiu and Niue. Collectivism was the norm and the present crab mentality may be an element of the

divide and rule approach that the British is known to have implemented throughout the world. Set in stone by individualistic Europeans (not all) who made the islands their homes. (S1)

The Christian missionary's ideals of individual responsibilities for their sins and their souls had an impact on the collective values of the Cook Islands society.

During a time of peace introduced by missionaries, the individualism that would probably have been exterminated in the past can now run merrily to the bank and deposit his money after selling a family piece of land that he had managed to partition under a Western style of land alienation. Land partition, sale and absentee land owners are all alien to the traditional concept of collective family land ownership. (S1)

Ethnicity, Racism & Nationalism

Two informants shared views on the effects of increased inter-marriage by Cook Islanders and possible racism as a result of the influx of foreign labour into the Cook Islands today. S1 said:

I noted that with my first born who followed my German-English-Norwegian Ancestry and family members commented on how white and beautiful she was. My second daughter followed with my Maori genes and many of the same family members commented on the poor girl who was black. So I wrote a song, "Olivia Lani Moana", in an effort to pass a message to my second daughter that she was beautiful and dearly loved, however she was perceived by others. (S1)

Your second question, I believe is again reflective of the missionary and Western influences. LMS[32] converts were encouraged to frown on traditions and any other denominations that hit the beach. White is beautiful and black is frowned upon (although there are elements set in Maori history as well). (S1)

S2 was not concerned about the influx of foreign labourers replacing Cook Islands Maori population and the likely shift from a homogenous society to a multicultural one. She said:

I have nieces and nephews who are married to Indians, Fijians, and Samoans. This does not dilute being a Cook Islander. On the contrary,

> it strengthens the Cook Islands because these people don't leave to
> go to their homes, but stay here, and they live under our laws. (S2)

Nevertheless, she cautioned Government to improve its immigration monitoring system with these words:

> Government should continue to implement the current legislation,
> but increase the monitoring and compliance requirements. (S2)

Conclusion

Participants saw the positive outcomes of the reforms in terms of the vast improvement in economic performance and pubic management systems. There was agreement that there was better access to information and the systems introduced had brought a sharing of power and responsibility and an assurance of transparency and accountability. Furthermore, that the leaner and more efficient public service had led to greater job satisfaction at the work place for civil servants. At the same time, participants were aware that national development had become 'unbalanced': wealth and income distribution had shifted to Rarotonga, and to some extent, Aitutaki, while in other outer islands there were few jobs or income earning opportunities and the cost of living was rising.

For many outer island families, outward migration had come to be seen as the only option. Some participants associated this and other negative outcomes to be a result of the way the country wholeheartedly adopted the New Zealand's reform model which, they believed, could have been adapted to the realities of a small island state such as the Cook Islands.

Chapter 7 DOCUMENT ANALYSIS AND FINDINGS

This chapter contains Part 3 of qualitative data analysis and findings. Ten documents were selected for content analysis. The criteria for the selection were the authenticity of the documents, the dates the documents were written (2006-2012), and the contents that relate to the topic of study. The only exception to the rule was the selection of legislation as these were fundamental to the objectives of the study. The particular legislation chosen were based on: a) the issues raised in the interviews and survey, and b) their relations to the topic under the study. As pointed out in Chapter 5, the selected documents comprised of four pieces of legislation, two official policy documents, two donor and international agency reports, and two statistical data reports (see Table 9). The purpose of document analysis was to uncover the underlying themes, biases, and meanings contained in the texts to reflect on the topic under investigation (Leedy & Ormrod, 2001; Williams, 2007).

Part 1: Legislation

The four pieces of legislation taken from Chapter 5 (Table 3) for examination were: a) The Constitution of the Cook Islands Act 1965 (Articles 8-11B), b) House of Ariki Act 1966 (and Amendment No. 7 1972), c) Island Government Act 2012-13, and d) Public Service Act 2009. The analysis included specific parts of the Constitution that established the House of Ariki in 1966 as well as an amendment was made in 1972 that established the Koutu Nui. These were the traditional governance systems that have been regulated since self-government in 1965.

The Island Government Act 2012-13 was examined to explore its relationship with the House of Ariki Act (and Amendment) and the Constitution. One other Act being examined is the Public Service Act 2009. This legislation replaced the original Public Service Act 1995/96 that established the NPM regime. During the comprehensive public sector reform, the Island Government Act 1987 was not repealed until 2012-13. This new Act is examined in this analysis to relate its contents to the House of Ariki Act (and Amendment) and its relationship with the Public Service Act.

These Acts of Parliament constitute major parts of the governance system; and therefore, the meanings in the contents are uncovered in this analysis.

The Cook Islands Constitution Act 1965

Following lengthy negotiations and discussions between the Government of New Zealand and the Legislative Assembly of the Cook Islands between 1962 and 1964, the Legislative Assembly agreed to have a Constitutional Monarchy Government similar to that of New Zealand (see Chapter 2). The two most important wishes of the people were to: a) gain "full internal self-government" (MFAI, 1998, p. 16) and b) retain New Zealand citizenship.

At the time of self-government, the members of the Legislative Assembly included the Ariki vacated their posts, to enable the general elections to be held to elect new members of the Legislative Assembly. The first general election was held on 20 April 1965. Consequently, on 10 May 1965 the new Legislative Assembly approved the 1964 (NZ) Constitution (with amendments), which then became the Constitution of the Cook Islands in 1965. "On this date, the Cook Islands became a State in free association with New Zealand" (MFAI, 1998, p. 16). The place of the Ariki in decision-making was still recognised, but curtailed under the Constitution.

Purpose of Compilation of the Constitution

The analysed version of the Constitution was compiled by the Crown Law Office (CLO) on the instructions of the Solicitor General in May 1994. The contents included Constitutional amendments 1 to 27. The cut-off date for the update of the amendments was on 1st July, 2004. In the front page of the Constitution (and Amendments) was a note explaining "The Constitutional Position of the Cook Islands" (CCI, 1965, p. 1)[33] as it relates to the Cook Islands and New Zealand's 'special' relations accord.

The constitution was compiled into one set of document to address two main questions that are often posed by the international community, Governments of the Cook Islands and New Zealand, and the peoples of the two countries: a) . . . "what is the significance of the origin of the Cook Islands Constitution in an Act of the New Zealand Parliament?" and b) . . . "what international capacity is enjoyed by the modern Cook Islands?" (CCI, 1965, p. 165). Of particular importance was the 1981 Constitution Amendment (No. 9) that prohibited the New Zealand Parliament from legislating for the Cook Islands, "even with the 'request and consent' of the Cook Islands Parliament" (CCI, 1965, p. 165; see also MFAI, 1998, p. 22). The implication of the prohibition meant, if New Zealand was to repeal the original 1964 Constitution Act, the Cook Islands Constitutional Act itself would remain the law of the Cook Islands, irrespective of its status in law in New Zealand (CCI, 1965).

The Constitution: Specific Parts Investigated

For the purpose of this research, particular parts of the Constitution were selected for the analysis and interpretation that significantly contributed to the topic under study. Particularly, Articles 8 - 11B were chosen because these provisions established the House of Ariki in 1966. An amendment made to the House of Ariki Act in 1972 established the Koutu Nui (the assembly of head chiefs of Mataiapo, Rangatira and Kavana). The second part of this analysis examined the implication of the 1981 Constitution (Amendment No. 9) in respect of the prohibition of the Parliament of New Zealand from legislating for the Cook Islands.

Part 1: Articles 8 to 11B - The House of Arikis of the Cook Islands

Part 1, Articles 8-11B of the Constitution sets the legislative framework for the House of Ariki. These provisions recognised the existence of the traditional family-based Ariki system. It separates the compositions and functions of the Ariki (Part 1, cl.8-9) from Parliament (Part 11), the Executive Government (Part 111) and the Judiciary (Part 1V). Clearly, Part 1 (cl. 1) of the Constitution states that -

"There shall be a House of Arikis of the Cook Islands (herein referred
to as the House of Arikis)"(cl.1).

In Clause 2, the Constitution is specific about who should be a member of the House of
Ariki. It provided, under sub-clause (a) – (h), one Ariki representing each island, except
for Rarotonga and Palmerston Islands, there shall be "not more than 6 . . . " (CCI, 1965,
p. 172). The process is that, in the Cook Islands there must be one Ariki each, whereas
for the islands of Rarotonga and Palmerston there should be up to 6 Ariki
representatives in the House of Ariki at one time.

There were 14 Ariki title holders in the House of Ariki at self- government. This number
was later increased to 24 in 2002 Amendment (No.25). It must be noted that the only
island that has not had an Ariki since 1907 was Penryhn. However, Part 1, Article 8(g)
of the Constitution allocates a place for an Ariki of that island since 1965.

Significance of Part 1: Government of the Cook Islands and the House of Ariki

There are three parts to government functions. As mentioned earlier the Executive
Government was separated from Parliament and the Judiciary. The provisions are
contained in Parts 1, 11, and 111 of the Constitution. Part 1 places the House of Ariki
alongside the Head of State – the Queens Representative (QR) under the heading
"Government of the Cook Islands" (p.170). However, its reporting requirements are
different from the QR (Cl. 9(a)). Under Clause 9, the House of Ariki is to advise on
matters referred to it by Parliament; whereas, the QR acts on advice tendered by
Cabinet, the Prime Minister, or an appropriate Minister (p. 171).

The implication of these provisions is that the House of Ariki and Parliament work
horizontally - side by side; whereas, the Parliament and the QR's relationship are
vertical. When Parliament passes legislations, the QR signs the Act into law. In this
respect, the QR is placed above Parliament but only acts on advice received from
Cabinet, the Prime Minister, or an appropriate Minister (Cl. 5 (1) & (2)).

Part 1: Clause 8(1)-(7) Analysis.

Under the House of Ariki Act 1966, the process of incorporating the traditional system of tribal investiture to ascension to the House of Ariki is not prescribed by law. Nevertheless, it has persisted by customary practices seen during the investiture ceremonies. Secondly, there is no provision in the Constitution nor a provision in the House of Ariki Act to recognise disputes (in the future) with traditional titles and remedies under such circumstances. For instance, a recent Ariki title dispute was brought to court, but this was unresolved for years. The absence of Members of the House of Ariki could impact on the House, transacting its business. Despite changes made in 2002 to increase the number of Ariki in the House to 24, the quorum of 8 has remained unchanged (CCI, 1965). This is cost-effective as the majority of its members reside on the outer islands.

With a limited budget of $110,000 per annum (the other $10,000 is for the Koutu Nui), it would be costly to bring enough members to form a quorum to conduct its meeting.

Sub-clause 5 of the Constitution refers to "the number of Arikis prescribed by law" and the Queens Representative (QR) "shall appoint the Arikis for that group who are nominated for appointment in a manner prescribed by law" (cl.5). Nevertheless, the actual process is left to the subsidiary legislation – the House of Ariki Act 1966 to set up the procedure. This is the clause in the law that provided the link between the two systems – the traditional and the modern. However, the Constitution is again silent on the customary processes and recognition of an Ariki prior to the appointment by the QR (cl.5).

Sub-clause 6 of the Constitution refers to ". . . the qualification and disqualification of members of the House of Arikis, and the terms and conditions of their membership shall be as prescribed by law." (p.172). It then sets out the conditions of qualifications and disqualifications. These conditions came to play at the time of the 'failed Ariki Rebellion' in July, 2008 (Aukura Ariki, 2009). When questions were raised as to who should be disqualified, and whom should the rebellious Ariki apologise to, there was an impasse. First, there was confusion as to whom should the Ariki apologise to; the Prime Minister (PM) or the Queens Representative (QR).

Secondly, there was uncertainty as to how the process should be conducted because both legislation were silent in this regard. The third challenge was the consideration of custom, whether it was appropriate for the paramount chiefs to apologise to, a commoner, a Rangatira, or a Mataiapo (sub-chiefs) - who might happen to be the PM or the QR?

In a stratified society, such as the Cook Islands, apologies by a high ranking chief to a lesser chief or a commoner, would be humiliating. However, the Constitution and the House of Ariki Act did not take account of such a situation from occurring.

Sub-clause 7 further states: "if any vacancy occurs in the office of a member of the House of Arikis, the vacancy shall be filled in the same manner as an appointment of that office . . . "(p. 172). The Constitution was not clear as to how the Ariki could be qualified or recognised under custom. It did not specify the process from which the titleholder could ascend (proceed) from a tribal leader to be a member of the House of Ariki (see also Hassall, Kaitani, Mae, Tipu, & Wainikesa, 2011). This crucial step is missing in law. Nevertheless, Clause 3-7 of the Constitution clearly state the actual ceremonial proceedings in the House of Ariki to honour an entry of a new member.

Significance of Article 9 Clause (a) and (b)

Article 9 of the Constitution contains two main functions of the House of Ariki –

(a)   It shall consider such matters relative to the welfare of the people of the Cook Islands as may be submitted by [Parliament] for its consideration, and it shall express its opinion and make recommendations thereon to [Parliament]; and

(b)   It shall have such other functions as may be prescribed by law.

Clause 9 sub-clause (a) and (b) provide for the House of Ariki to act in an advisory role to Government, but it does not have legislative powers. These were the two clauses that removed the powers of the Ariki from legislation to an advisory role.

Clause 9 sub-clause (a) was silent on the reciprocal arrangement between the House of Ariki and Parliament.

On the contrary, it is the Parliament that has the privilege to submit matters to the House of Ariki for its consideration. Once the matters have been considered by the House of Ariki, it would make its recommendations to Parliament. Again, this provision ensures the removal of the statutory powers of the House of Ariki from the mainstream governance system and makes it dependent on Parliament. Despite the control measures that have been instituted under the Constitution (Crocombe & Jonassen, 2004), the House of Ariki has control over the country's natural resources and the tribes they represent in the island communities.

In sub-clause (a), the term 'welfare' is not defined. The absence of a definition has provided an avenue for misinterpretation of the intention of the legislation. Moreover, as a state, the social responsibility of government extends to include the welfare of its citizens, many of whom happen to be members of the various tribal groups represented by the Ariki[34].

Unless 'welfare' is defined, it could be argued that there is an overlapping of responsibility between the state and the House of Ariki (and Koutu Nui). However, if the views are taken from a tribal perspective, welfare could mean people's rights to land, rights to natural resources, and rights to tribal titles and allegiances. Whereas, if the views are taken from government's perspective, welfare could mean the quality of life, access to education, effective law and order, good infrastructure, and accessibility to government services.

Clause 10: Members to Take Oath of Allegiance

Significance of Clause 10

Under Clause 10 of the Constitution, individual members of the House of Ariki are not allowed to sit, receive allowance, or vote until they swear allegiance to Her Majesty as Head of State (cl.10). The oath of allegiance to her Majesty, Queen Elizabeth 11, is generic throughout the British Commonwealth Countries, who inherited the Westminster Parliamentary system of Government.

Under this political system elected (and in cases such as appointed traditional leaders) swear allegiance to Her Majesty, Queen Elizabeth 11, when holding public office as a gesture of loyalty to the sovereign state – in this case the Cook Islands.

Under the Constitution, the House of Ariki was separated from Parliament at self-government. However, like the Members of Parliament, the Ariki swear allegiances to Her Majesty, Queen Elizabeth 11. Although the powers of the Ariki are confined to their island communities and districts (in Rarotonga), the swearing in of an Ariki as a Member of the House of Ariki constituted a formal recognition of the assembly of members and their official positions, as accorded to them by custom and by law.

The positions of the Ariki in the House of Ariki entails the place of the Ariki in governance; and, Parliament is required by law to consult the Ariki on issues affecting culture, traditions, and the general welfare of the people. In recent years, the 'environment and climate change' portfolios have been added to the functions of the House of Ariki and the Koutu Nui to work with government (P2).

Clause 11: Attendance of [Prime Minister] and other Persons at House of Arikis

Significance of Clause 11

This particular provision allows the President of the House of Ariki to invite the Prime Minister, Ministers of the House of Ariki, and others as desired by Members of the House to attend the meetings of the House of Ariki. Invited guests could participate in the discussions and provide advice, but they cannot vote.

The provision further prohibited any committee set-up by the House of Ariki from voting on issues being investigated by the committee. This provision removes the incidence of a conflict of interest, while upholds the independence of the House to make an informed decision(s) based on the outcomes of the matter(s) being investigated.

Clause 11A: Procedure

Significance of Clause 11A (1)-(7)

Clause 11A sub-clause 1 to 7 provide the procedures from which the House of Ariki should operate. Starting with sub-clause 1, it spells out who should preside over the House of Ariki for the period as prescribed by law. It provides for the meeting of the Ariki to be held "at least once in every period of 12 months" (cl. (1)). Sub-clause (2) specifies the place of meeting as Rarotonga, but allows the time of the meeting to be prescribed by subsidiary law(s). The Constitution however, places the call of the meeting in the hands of the QR, acting on behalf of the Prime Minister (sub-clause 3).

Sub-clause 3 is peculiar. It places the control of the House of Ariki in the hands of the Executive Government under the Prime Minister rather than the Parliament, although it was to report directly to Parliament under Clause 9(a). This provision technically places the Members of the House of Ariki at the same level as ordinary Members of Parliament (MPs), who are answerable to the QR, "acting on advice of the [Prime Minister]" (sub-clause 3). Under this clause the Ariki are not independent but captured in law, and placed under politicians. Thus, there is greater possibility of political manipulation of tradition (Ingram, 1992).

The validity of the meeting is contained in sub-clause (4) as a threshold to enable the meeting to be either conducted or postponed, whether it is called by the QR (see sub-clause 5).

Sub-clause 6, however, provided the flexibility made under the Constitution and under the subsidiary laws to enable the House of Ariki to determine its own procedures and processes. Sub-clause 7 strengthens the position of the House of Ariki by validating their decisions despite the vacancies that may arise from its members. The Constitution does not provide for an alternative means for the House of Ariki to convene meetings when it considers necessary to safeguard the interest of its people as provided in Clause 9 (a) and (b) "Functions of House of Arikis". In this type of arrangement the Ariki is subjected to manipulation by politicians; first, by controlling the processes of their meetings, and secondly, by controlling funding for such meetings to take place.

Significance of Clause 11A and 11A (6)

The procedural section is contained in Clause 11A of the Constitution. To officially hold public office in the House of Ariki (House), the first step to qualify as an Ariki is to be anointed at an investiture ceremony under custom. However, the Constitution was silent on this process (see Hassall et al., 2011). Nevertheless, Clause 11A(6) states that "subject to this Article and to the provisions of any law, the House of Ariki shall determine its own procedure." (CCI, 1965, p. 174). Thus, the open-ended provision of the Constitution leaves the responsibility to the House of Ariki to set its own procedures, where it considers appropriate.

Significance of Clause 11A (7)

The amendments made to Clause 11A (7) and Clause 11B were the substitution of words such as *Prime Minister* for *Premier*, *Queens Representative* for *High Commissioner* and *Parliament* for the *Legislative Assembly*.

The changes made to the titles signify a drastic change from a *dependent* country to a *sovereign* self-governing state. This is where the Cook Island bears the resemblance of an independent jurisdiction; where it has a Prime Minister who leads government, the Queen Representative who is responsible for the ascension of legislation enacted by Parliament into law, and a Parliament that is supreme in legislating and organising the affairs of the state.

Clause 11B: Privileges of Arikis and its members

Significance of Clause 11B

Clause 11B provides protection for Ministers and Members of Parliament as contained in Part 2 and 3 of the Constitution. This protection also extended to officials, publishers, and reports made under the authority of Parliament which cannot be brought into disrepute or challenged in the court of law. Clause 11B also protects the Members of Parliament and officers, who may provide advice and services to the House of Ariki.

This clause has no provision for a reciprocal arrangement in protecting Members of the House of Ariki from interfering with the conduct of Parliament. It appears the Constitution was silent in this regard.

The implications of the absence of a reciprocal arrangement for the protection of the Ariki could be based on two assumptions: a) the Ariki who have the respect of the community and Parliament, could do no harm to the Parliamentary processes, or b) the Ariki are exposed by intent or otherwise to litigation, if such incidents do occur.

House of Arikis Act 1966 (and Amendment)

Purpose of the Act

The House of Ariki Act was established by Parliament of the Cook Islands in 1966 to provide a place in governance for the paramount chiefs after self-government. The aim of the Act was to create a space for the paramount chiefs to assemble as a single unit to air their views and advise government on customs and tradition. The processes and procedures to guide the operations of the House are contained in Articles 8 - 11B of the Constitution. There are twenty sections altogether in the House of Ariki Act. These sections provided specific requirements for membership (s1), commencement date (s2), establishment of the House of Ariki (s3), the composition of membership (s4), terms of membership (s5), qualification of appointments (s6), disqualifications (s7), functions (s8), members allegiance (s9), attendance of the Prime Minister and others (s10), procedures (s11), privileges of members (s12), appointment of committees to hear disputes (s13), Clerk of the House (s14), salaries and allowances for members (s15), sources of payments authorised by the Act (s16), prohibition of members from discussing issues of pecuniary interests (s17), language used (s18), regulations (s19), and notices to members (s20). Below these sections were schedules that supported the principle Act.

Significance of the House of Ariki Act

The House of Ariki Act 1966 places the traditional leaders (who were then members of the first Legislative Assembly) outside the Parliamentary system.

The provisions contain in much of the legislation deals with the processes, procedures, and rules for the conduct of the members. The contents of the Act set out the basis from which the meetings are conducted, the rights of members, penalties and privileges accorded to its members.

The legislation made reference to the functions of the House of Ariki in matters relating to the 'welfare' of the people of the Cook Islands pursuant to Article 9 (a) of the Constitution. However, the Act did not define the term 'welfare' in the same way as the Constitution. Section 8(1) of the House of Ariki Act is consistent with Article 9(a) of the Constitution.

Section 8(2) enables the chiefs to make recommendations to Parliament on matters relating to customs and traditions that impact on the 'welfare' of the people of the Cook Islands. Here, there is an assumption that whatever the House of Ariki decides is in the "public interest" (Wilkes & Shirley, 1984) of the resident population (either of Cook Islands Maori descent or otherwise). On the other hand, it could be argued that those who reside under the laws of the Cook Islands fall under the broad category of 'Cook Islanders' and therefore, their welfare is guaranteed by the chiefs as well as the State.

Subsection 3 sets out the process from which the voice of the Ariki could be heard. Under this provision, all processes, including objections, must be fully stated and reported to Parliament. This provision was made the President of the House of Ariki to compile a detailed account of what was said by each member of the House of Ariki, which can be made available to the Prime Minister (PM) on request. Such report exposes the opinion of an individual Ariki to political manipulation. A collective decision reporting format would protect each member's privacy.

Sub-section 4 prohibited the House of Ariki from discussing the budget appropriation or imposing of taxes on citizens as this function is reserved only for Parliament. The implication of this section is that the Ariki no longer has legislative powers to raise taxes or pass supply bills.

Section 9 provides for the Members of the House of Ariki to take Oath of Allegiance to Her Majesty, Queen of Elizabeth 11. The allegiance ties the paramount chiefs to provide advice to Parliament, whenever Parliament requests such advice.

Section 10(2) and (3) provides for invited guests to attend meeting of the House. Those who could attend include the PM, the Minister of the House, or persons appointed on behalf of the Minister, and MPs who may be invited by the President of the House in regards to matters under consideration.

Section 11(9) provides for the House of Ariki to "determine its own procedures" (p. 10), which is consistent with Article 11A of the Constitution.

Section 11 presents eight procedures for the House of Ariki to follow to conduct its business. However, the section prohibits the House from conducting its business while the Parliament sits (procedures (2) – (8)). This provision provides protection for Parliament and the House of Ariki from interfering with each other when conducting their business (see procedure (2)). The provision further prohibits any meeting to be held unless there is a quorum of eight or more members are present. Unlike Parliament, the House of Ariki cannot amend its own Act. It can only recommend this to Parliament, and the Parliament has the prerogative power to amend, reject or approve such recommendation.

The House of Ariki (Amendment no. 7) Act of 1972

Purpose of the Amendment Act

On 18 August 1972, an amendment to the House of Ariki Act 1966 was passed in Parliament (House of Ariki (Amendment) Act, 1972). The purpose of the amendment was to involve the Head Chiefs - Kavana, Mataiapo, and Rangatira in decision – making. This amendment was passed seven years after self-government, and six years after the House of Ariki Act 1966 was passed by the Cook Islands Parliament.

Significance of the House of Ariki (Amendment No. 7) Act 1972

The Amendment of the House of Ariki Act 1966 brought the head chiefs besides the paramount chiefs into decision-making. To distinguish the functions of the two traditional institutions the Amendment Act deliberately stipulated that the functions of the Koutu Nui was to deal with "traditions and customs" (s.23(1) as compared to the function of the House of Ariki, which deals with the broader aspect of people's "welfare" (cl.9(a)). The amendment did not define what was Cook Islands 'custom and tradition' under section 23 (2) of the Amendment Act nor did the Constitution define what was meant by 'welfare' pursuant to clause 9(a). The Amendment Act (1972) was clear on 'who' should be a member of the Koutu Nui, but it was again silent on 'how' a member of the Koutu Nui was recognised by tradition, and by law. The Amendment was silent on the link between the 'investitures' of the high chiefs to eventually ascend to the Koutu Nui. It however, left this part of the process to be dealt with, in "accordance with the custom of the Cook Islands" (s21) which was not defined.

In the introduction section of the Act it reads, "An Act to amend the House of Arikis Act 1996 by adding a new Part providing for meetings of kavana, mataiapo and rangatira" (s.1). The assembly of the Head Chiefs is known as the Koutu Nui and the title holders are individuals invested "in accordance with custom in the Cook Islands" (s21). The amendment did not say if the meeting is to be jointly conducted with members of the House of Ariki. The analysis showed the Head Chiefs must have their own assembly - the Koutu Nui. However, as recently as 2012, there have been joint meetings held for members of the House of Ariki and the Koutu Nui.

In section 23(2), it reads, "Any recommendations or resolutions may be conveyed by the Clerk of the Koutu Nui to the House of Arikis through the Clerk of the House or to the Government of the Cook Islands through the [Prime Minister]" (p.694). As government controls funding and has the prerogative to call meetings of the traditional leaders, the alternate channel of communication under section 23 (2) swings the Koutu Nui towards the Executive Government than the House of Ariki. This action may have created resentment by the House of Ariki. Under tradition, the Koutu Nui consults with the Ariki; but, under this provision, it can either report to the House of Ariki or the Executive Government (but not directly to Parliament).

The ambiguity in law has opened rooms for disagreement and might be the cause of tension that exists between the two traditional institutions.

Island Government Act 2012-13

During the comprehensive public sector reform that occurred between 1995 and 1997, the Outer Island Government Act 1987 was not repealed until 2012. The 2012-2013 Island Government Act replaced the former Island Government Act 1987.

Numerous efforts were made to scope and draft the Island Government Act after the reform. In 2000 a comprehensive report ("Blue Print 2000") was prepared but no action was taken, perhaps because of the political instability that occurred after the reform. This report highlighted the need to involve the Outer Islands in decision-making by way of devolution of powers and the provisions of resources through the annual budget allocation.

The report pointed to the framing of the budget that was based on Rarotonga's priority programmes and projects with very little allocated for outer island administrations. As noted, Rarotonga often receives the largest share of the budget, placing the outer islands (OIs) in a 'residual category' position. This situation was compounded by "no systematic attempts to ensure funds allocated to OIs (outer islands) were spent on OIs" (Pa Enua Local Government Legal Scoping Exercise (PELGLSE), 2001, p. 1).

In 2012 an ADB scoping exercise was carried out, and from this exercise the new Act was drafted (PELGLSE, 2001).

There were some islands who were concerned about the lack of capacity and capability to run the administration on their own. However, this study showed many island community leaders wanted to control their own resources such as personnel, finances, and infrastructure projects in order to determine their development priorities. In the report, several recommendations were made. These recommendations and the adoption of the universal principles of 'good governance' (see Chapter 3), were incorporated into the 2012-2013 Island Government Act.

The philosophical assumptions from which the new legislation was designed were: a) to devolve more political power to the outer islands. The island communities wanted their "elected leaders to be advocates and decision-makers for their island communities" (PELGLSE, 2001, p. 4), b) to give greater share of the public service and infrastructure management to the outer islands, and c) to provide greater investment opportunities for the island communities to prosper. In this way the islands could develop and sustain their economic base and population numbers.

Significance of the Island Government Act 2012-13

To achieve these objectives there was a need to provide an appropriate legislative framework to facilitate the changes. In this context the new Island Government Act 2012-2013 provides this legislative framework for the island communities to administer their own affairs as they consider appropriate.

Despite the lack of capacity and the capabilities in the outer islands (as reported in the 2000 review) to implement government policies and to manage governance at the local level, the majority of the people and the leaders in the outer islands wanted some form of authority to control their budgets, personnel, and projects (PELGLSE, 2001).

It took almost sixteen years after the Public Sector reform to have a new Island Government Act passed in Parliament. The title of the Act was changed more than three times during the course of drafting. This delay was necessary to take account of the views of the wider island communities and to study the possible impact this Act would have on development priorities of the National Government.

The lengthy delay was also attributed to two main reasons: a) there was a need to complete a legal scoping exercise (jointly funded and conducted by the Commonwealth Local Government Foundation (CLGF) and ADB in 2000), b) there were changes made in the restructuring of the office responsible for the outer islands, Office of the Minister of Island Administration (OMIA), c) the merging and relocation of OMIA with the Ministry of Infrastructure Development (MOIP), and d) there was an on-going political instability, leading up to the snap election in 2010.

Since 2010, a number of versions of the *Pa Enua Local Government Bill*, as it was known at that time, were written and rewritten a number of times to accommodate government's changing policies for the outer islands. The Island Government Act was finally passed by Parliament in 2012-13.

Three challenges have emerged from this Act. Firstly, people in the island communities are sceptical about the implementation of this new legislation, as the devolution process failed to materialise during the 1995-96 reforms. Secondly, participants were sceptical of whether the Central Government will follow through with the devolution process (P4, P6, P11, and P12). Thirdly, sceptics are questioning whether the Central Government would dismantle the whole government's redistributive system that used to give priority to Rarotonga for economic reasons. Rarotonga generates over 80% of national revenue and supports the main tourism industry that creates jobs for the people. As there is a need for the maintenance of infrastructure and the provision for services to support the visitor industry, Rarotonga receives a bigger budget than the outer islands. Fourthly, there has to be a balance between what the country could afford to invest in the outer islands and what it requires to continue to support Rarotonga's development priorities as the main driver for the country's economy. So, the success of devolution is very much depended on the 'goodwill' of the Central Government with the support of MPs from the outer islands.

The preliminary section of Part 1 of the Act provides for the interpretation of the Act. Part 2 provides for the establishment of the island governments as Crown entities with relevant powers, the composition of membership, disqualification of members, suspension of memberships, and how the meetings of the island councils are to be conducted.

Part 3 provides for staff of the island administration[35] whereas Part 4 provides for a code of conduct for leaders on the Island Council. Part 5 of the Act provides for financial accountability.

In Part 6, the Act provides for the transfer of Crown responsibility from Central Government to Island Governments.

These responsibilities include the transfer of properties, Crown responsibilities and a contractual agreement to affect the transfer of powers and responsibilities from the Central Government to the Island Governments. A new provision was added to the Act in Part 2 Division 4 (s17-19) to involve representatives of the Mataiapo, Kavana and Rangatira (High Chiefs) to nominate one person, each to be a representative of the Island Government beside the Ariki. The provision in the Act to involve representatives of the High Chiefs in the outer islands is compatible with the *Aronga Mana* structure on Rarotonga, but this could also crowd out the decision-making process.

This study revealed the conflict between the House of Ariki and Koutu Nui on Rarotonga. The intention of the new Act to involve the Head Chiefs (Mataiapo, Rangatira, Kavana) in the Island Council could cause conflict, but this is yet to be investigated. Another old conflict that has existed since the establishment of Island Council was between MPs and Mayors. In some islands "they don't see eye to eye" but this concern was not addressed in this Act. The situation becomes complex when there are two or more MPs representing an island in Parliament (e.g. Aitutaki, Atiu and Mangaia). Possible solutions would be to remove the MPs as ex-officio members of the Island Council.

This step would enable the Mayors to run the island councils independently without interference from the MPs. With the restructuring, the powers of the Mayors would be increased (they will control staff, finance, and physical resources). This change could further escalate the conflict, as MPs remain ex-officio members of the Island Councils under the new Act (see Part 2 – Division 1 Section 8(1)). Part 7 provision in the Act provides for the powers of the Island Governments to pass bylaws in organising their island communities, manage their people and resources, and keep the peace whereas, Part 8 provides for the process of legal proceedings that include the recovery of debts owed to the Island government.

Part 9 provides for all miscellaneous activities of the Island Governments. The list includes repeals and revocations, savings and transnational transfers, Mayoral Annual Conference, a requirement to form the 'Association of the Island Governments', and to conduct legal proceedings by Island Governments which include debt recovery (Part 8).

Public Service Act 2009

The new Public Service Act 2009 was established under Part V Article 72 of the Cook Islands Constitutional Act of 1965. During the reform, one of the principle acts was the former Public Service Act of 1995-96. The 1995-96 Act was established urgently as a legislative framework for the public service to function. This Act was ushered through Parliament and passed with other reform legislations within the twelve months period during the reform.

After the reform, there were challenges faced by people implementing government policies under this Act. As such, a review was conducted and the new Public Service Act (PSA) was enacted. The Act came into force on 1 July 2009.

Significance of the Public Service Act 2009

There were four main reasons for the establishment of the new Public Service Act. First, the new Act was necessary to "amend and consolidate the law relating to the Public Service of the Cook Islands." (Office of the Public Service Commissioner (OPSCer), 2009).

The second reason for the new legislation was to give authority to the Office of the Public Service Commissioner to control, standardise, and monitor salaries and wages paid to employees by Line Ministries and Government Agencies (LMGA). The third reason was to provide in the legislation a Code of Conduct for all public servants, which was absent in the 1995-96 Act. The code of conduct regulation is contained in Schedule 4 (s.4) of the Act, and the fourth reason was to provide the Public Service Commissioner (PSCer) with adequate powers to recentralise some functions of those Public Services that were devolved during the reform, but failed to materialise. In the years that followed the public sector reform, there were inconsistencies across LMCAs.

The introduction of the new Public Service Act 2009 was both necessary and timely. It was necessary, because it took over thirteen years to put this Act in place to correct anomalies in practice. In theory (Public Choice Theory), the devolution of powers are ideal in societies where:

a) there are several layers of decision-making processes, b) there is capacity and capability available to provide the required services, and c) where there is perfect market condition for competition for the supply of goods and services. This is not the case in small island developing states (SIDS) such as the Cook Islands, where such attributes do not exist. Secondly, the introduction of the new Public Service Act was timely, because a number of acts such as the Island Government Act of 1987 were not repealed at the time of the reform.

The inaction resulted in conflict between the 1995-96 Public Service Act and the 1987 Island Government Act which eventually placed the Island Councils outside the mainstream public service. This anomaly has made it impossible for Island Governments to function effectively as their financial and human resources are controlled by the Island Secretary. The Island Secretary (IS) reports directly to the Public Service Commission whereas, the Mayor and the Island Council report to the Office of the Prime Minister. This situation made it difficult to coordinate and implement government policies and programmes in the outer islands. It has been a major cause of tension in the island administrations.

Part 2: Policy documents

Cook Islands Public Financial Performance Report and Performance Indicators Review (CIPFPR-PIR)

The report was prepared by two Central Government Agencies (CGA), the Office of the Prime Minister (OPM) and the Ministry of Finance and Economic Management (MFEM) to assess the Public Financial Management (PFM) system in terms of Public Expenditure and Financial Accountability (PEFA).

The period of study was confined to the last three Financial Year periods, namely Financial Years ending 30th June 2007/8, 30th June 2008/9, and 30th June 2009/10. The report was released in August 2011.

Purpose

The purpose of the report was to evaluate the status of PFM systems in the Cook Islands. The study aimed to identify strengths and weaknesses in the system in accordance with the PFM framework. The focus of the study was to evaluate the PFM system, which employed an accrual budgeting and accounting system.

Audience

The report was commissioned by two central government agencies (i.e., OPM and MFEM) with the assistance of two overseas and one locally based consultant. The report was prepared for Central Government Agencies (i.e., OPM, MFEM, and PSC) and Parliamentary Services. The other government agencies interested in this report would include: Ministries and Line Agencies (MLA), Island Governments (IGA), Public Expenditure and Review Committee, and Audit (PERCA).

Significance of the (CIPFPR-PIR) Report

The report found that although budgeting and expenditure were decentralised to MLAs, the processing and consolidation of accounts were done by MFEM and audit was carried out by the Audit Office.

The report showed there was the lack of skilled accounting technicians to operate the sophisticated planning and budgeting system, including accrual accounting. The established systems were particularly problematic in the outer islands and in the majority of LMCAs which delayed the end of the year financial reporting. In addition, financial reports were inaccurate as a result of lack of accounting technicians and internal auditors to maintain a robust financial system.

The report also identified some "cross-cutting elements, such as insufficient physical and human resource capacities, including access to trained financial technicians" (p. xiv). However, the performance of MFEM in consolidating and reporting on the consolidated Crown Financial Report was acceptable. Nevertheless, MFEM's dependency on LMCAs to submit financial reports to it accurately and on time was challenging.

The timing of reporting has prevented input from stakeholders in the budgetary process. Secondly, the lack of capacity to scrutinise audited financial reports at Parliamentary level may have discredited the process of accountability of managers responsible for public programs and projects.

One area of concern was that the study did not review the relationship between budget amounts appropriated (by Acts of Parliament), and the actual spending (in a given period) to determine whether the bureaucratic processes or financial policies may have undermined the legitimacy and the supremacy of Parliament. That is, whether government agencies have implemented what Parliament had intended.

Public Service Employment Policy (PSEP) 2002-2009

The Public Service Employment Policy (PSEP) was effective from 12th July 2002 until 2009, when it was replaced by the introduction of the new Public Service Act 2009 and its subsequent employment policy. The policy was put together by a selected group of Heads of Ministries and headed by the Public Service Commissioner in 2002. The PSEP document was the second in a series of public service employment policies written during the 'transition' period to accommodate for the changes that had occurred in the last five years (from 1996-2001) after the comprehensive public sector reform. Except for the nine standalone crown funded agencies that were governed by Acts of Parliament, the Employment Policy covered all public sector employees in the Cook Islands, including the six constitutional agencies.

The agencies also covered by the Employment Policy document were: the 14 core Line Ministries, 10 Island Governments, seven Ministerial Offices including employees of the Office of the Leader of the Opposition and the Office of the Queen's Representative (QR), and the nine Crown funded agencies[36] (Yeoman & Numanga, 2011). For this policy document, the content analysis is divided into three parts: Part 1 presents the significance of the policy document, Part 2 lays out and describes each provision of the policy document, and Part 3 explores and critiques the underlying meaning of the policy statements.

Part 1:   Significance of the PSEP

As seen in this employment policy document, there were certain restrictions that were put in place during the 'transition' period to enable Government to recover from the economic crisis. The PSEP document is a historical aspect of Government policy that was designed to effect fiscal control, while providing a guideline for the remaining public servants to operate the NPM system. For instance, in the PSEP document there was discriminatory provisions in the policy, defining and classifying the different levels of leave and limiting the use of leave entitlements for the public servants to save cost. The restrictions on the use of accrued annual leave; and sick leave forfeiture if not used and the reduction in maternity and paternity leave provisions - as reflected in the analysis - were indirect cost saving measures embedded in the policy by the government.

The limitation of this policy was that it only applied to permanent, full-time staff of the mainstream public service, except for part-time employees in schools.

In this employment policy document, public servants were only entitled to certain conditions based on three classifications: a) junior or being in the public service for less than 5 years, b) intermediate positions or those serving more than 5 years, and c) senior positions or employees who completed 10 years of service.

Those qualified under classification (a) could take 10 days as annual leave whereas those qualified under classification (b) were entitled to 15 days. Employees who qualify under classification (c) were entitled to 20 days annual leave.

For new appointments leave could be taken on a pro rata basis, but again limited by length of service in the organisation. Such scale of leave entitlements defeated the purpose of NPM philosophy of performance and awards based on results (rather than seniority).

Part 2: Significance of Sections of PSEP

Accrued Leave Restricted

To save cost, accrued leave could not be carried forward unless these were approved by the head of the organisation. However, the catch was the employee could only take up to 50% of the accrued leave in a year. If the annual leave was not taken or accrued this was forfeited to reduce government's future liabilities. For maternity leave, six weeks was allowed on full pay for female staff members. If additional leave was required, employees could draw down leave accrued from other leave entitlements, such as annual leave or sick leave.

In case of additional leave, staff could take leave without pay, but a medical certificate was required under this provision. On the other hand, paternity leave for male staff was for only 3 working days with full pay. There was a provision for additional leave, if the male employee desired; one of which was compassionate leave and the other was special leave without pay. Male staff taking special leave without pay would require a medical certificate. This provision discriminated against male staff from taking leave to attend to family needs.

Sick Leave Carried Forward Disallowed

For sick leave all employees were allowed 10 working days; and if the leave was not used, it was forfeited. Using sick leave as additional leave to another leave (such as annual leave or special leave) was disallowed under the sick leave policy provision. That is, sick leave could not be taken concurrently with other leave entitlements. There were other controls that were put in place to prevent staff absenteeism, such as:

a) employees must report to their controlling officer, produce evidence of being sick (certificate) if the sick leave was to extend to 2 days, and

b) no unused sick leave would be paid to staff leaving the public service on retirement or by termination.

Compassionate Leave Restricted

The compassionate leave provision provided for accidents, emergencies, and serious illnesses where the Head of the Ministry or Agency could grant up to 30 days leave, if all other leave entitlements were exhausted.

Such leave was granted to a) staff who sought specialist treatment for themselves or their immediate sick family members at home or overseas, b) female employees who lost a child through miscarriage or still-birth, or c) employee affected directly by natural disasters such as fire, flood, cyclone, and other acts of God.

Special Leave Restricted

Study and Examination Leave

This leave was granted on full pay, only if the study and an examination was work-related.

National Representation Leave

This leave was granted on full pay and up to 20 days, if an employee was (a) selected to represent the Cook Islands at an international event, b) an international event was restricted to; World Championships in any sport recognised the local sport authority (CISNOC), Olympic Games, Commonwealth Games, South Pacific Games, and South Pacific Arts Festival.

Bereavement Leave

This leave was restricted to five working days plus two additional days, where overseas travel was required. Such leave was granted to an employee for any 'immediate' family member who passed away. An immediate family member is defined as: spouse, children, parents, brother, sister, grandparent, grandchildren, spouse's parents and siblings.

Leave Without Pay

Employees, who wished to take leave without pay, could do so, if these were approved by the Head of the Ministry (HOM). This provision placed the power of leave at the discretion of the HOM. The rights of the staff were forfeited in this situation with no relief provisions.

General Provisions

Service Entitlement and Disciplinary Action

Under these provisions employees were entitled to a one off service bonus payment equivalent to a fortnight's pay. This payment was usually accrued in the Ministries/Agencies accounts and paid at the end of three years term of service.

The other general provision advocated penalties for not resuming work after the expiry date of their leave entitlement. The disciplinary action also included the possibility of dismissal from employment.

Part 3:   Critique of Public Service Employment Policy

Although the policy was specifically designed to control public expenditure on paying for employee entitlements, it is possible to argue that part of the employment policy was based on the former award system that was based on 'seniority' rather than 'merit'. An equitable award system would be to put everyone on 15 days. The 15 working days annual leave could be taken on a pro rata basis.

The restrictions for six months qualification to qualify for an annual leave should have been excluded from the policy, as it was discriminating against new employees. By denying employees from exercising their rights to carry unused annual or sick leave forward or to enable them to be paid in full could have breached the 1962 International Labour Organisation (ILO) Convention (C118) on Equality of Treatment of employees. However, Government could argue that it was not part of the international community (32 countries) that ratified the convention; and therefore, it was not liable. Part IVA clause 64 (1) (a & b) of the Constitution of the Cook Islands is very clear in its provision for the protection of "fundamental human rights and freedoms" (p. 196).

Contained in Part IVA Article 64 (1) of the Constitution of the Cook Islands the following fundamental human rights and freedom have been written into law: (a) "The right of the individual to life, liberty, and security of the person, and the right not be deprived thereof except in accordance with law", and (b) "The right of the individual to equality before the law and to the protection of the law" (p. 196). In reference to the provisions of the Constitution, such discriminatory policy could have breached the rights of public servants. However, as there has been no case brought before the courts, the interpretation could not be verified.

Part 3: Donor and International Agency Reports

Asian Development Bank (2010). Public Finance and Public Sector Performance Review: Functional Analysis Report

The Asian Development Bank (ADB) is a donor as well as a creditor of the Cook Islands Government. The functional analysis report (PF & PSPR) was one of the numerous reports funded and produced by ADB on governance since the 1995-96 Public Sector Reform.

The document was chosen, firstly because of its significance to Government's activities after the reform. Secondly, the date of the document fell into the period of this study (2006-2012). Thirdly, the document did not only focus on the mainstream public service, but also provided a wider scope of government's functions that included Crown Funded Agencies (CFAs), the Cook Islands Investment Corporation (CIIC) as a holding company for State Owned Enterprises (SOEs), Crown Agencies (CA) established under the Constitution, and the Island Government Administration (IGA). The focus of the analysis was on: a) the purpose of the document, b) the target audience the document was written for, and c) the outcomes of the report - what it said about the functions of government in the Cook Islands.

Purpose

The purpose of the functional review was to identify gaps in the functions and responsibilities of government and to align these activities closer to national objectives and the legislative framework as intended.

Specifically, the aim was to identify areas of responsibility, where the Government could keep or enter into partnership agreements with the private sector (PPP), and privatise or discontinue the activity following transaction cost theory (Williamson, 1975; 1985; 1991). The primary audience of the review was the Executive Government who initiated the review.

Secondary Audience

As the review was initially proposed by the outgoing government (now in the Opposition) the second target audience was the Legislature (Parliament). Copies of the report would have been presented to ADB, as it was the sponsor of the Technical Assistance (TA) project that carried out the review.

The primary audience for this report were policy-makers (in this case the Executive Government (Cabinet)). However, if the restructuring program was to proceed, the affected groups would be: a) Parliamentary Services, b) Cabinet Services, c) Line Ministries, c) Central Government Agencies, d) Crown-funded Agencies, e) Constitutional Agencies, f) State Owned Enterprises, g) Island Governments, h) Public Servants, and i) Stakeholders.[37]

a) Legislature (Parliament Services)

The 1965 Cook Islands Constitution established the Parliament as the supreme authority of the Cook Islands. Its main function was to debate issues of national importance and to pass legislation governing the nation-state. Since the functional analysis was initiated by the previous Executive Government[38] and supported by the recent one, both sides of the House - the Government and the Opposition have an interest in the report.

b) Executive Government (Cabinet Services)

The Cook Islands inherited the Westminster Parliamentary System of Government. Under the Westminster system of Government an Executive Government was established after a general election was held. The Executive Government is usually led by a Prime Minister and supported by the simple majority of Members of Parliament. In the Cook Islands, the Executive Government comprised of six Cabinet Ministers including the Prime Minister. The Ministers are supported by Office of Cabinet Services, headed by the Cabinet Secretary. The Executive Government controls the administration of government agencies and institutions, including LMs, CAs, CnAs, CFAs, and SOEs. As shown in the report these were the agencies that could be affected by the proposed restructure. For instance, the report recommended several government entities to be amalgamated under a new Economic Development sector. Others were to be merged with the existing social and environment sectors and one was to be privatised (see Summary, pages i & ii).

c-i) Agencies and Positions Affected by the Restructure

Agencies and positions that could be affected by the restructure would involve Heads of Ministries (HOMs) of Line Ministries, Chief Executives Officers (CEOs) of the various Crown Agencies, public servants and stakeholders. For instance, the recommended positions to be abolished, amalgamated, forming joint ventures involving public - private partnerships (PPP), or outright privatisation of some government activities meant some employees could be made redundant. In some cases, employees could receive reduced pay rates or be placed in transition, similar to the 1995/96 reform exercise.

Significance of the PF & PSPR Report (ADB Functional Review)

In order to uncover the core functions that the government was mandated to undertake, the review covered key legislation including the Cook Islands Constitution. The outcome of the report showed that, altogether there were 186 separate functions undertaken by the government at the time of the review.

These functions were analysed and categorised under activities that could: a) continue to be undertaken by government, b) be placed under public-private-partnership, c) be contracted out, and d) be stopped (unless market forces determine the need for government to continue).

Although the legislature was not the main focus of the study, the functional analysis was undertaken to show the overall cost associated with public sector operations. The analysis showed there were 24 Members of Parliament and 14 Members of the House of Ariki. The report did not mention the amendment to the Constitution in 2002 that increased the number of Ariki to 24 (CCI (Amendment No.25), 2002). The members of the Koutu Nui were not mentioned either, perhaps because the portion of their budget ($10,000) was part of the $110,000 House of Ariki budget. The Executive Government is headed by the Prime Minister, and including five other Cabinet Ministers. The 6 Ministers, the Office of the Leader of the Opposition and the Office of the Queen's Representative each has a CEO, a field officer, and at least one support staff or a field officer. Other auxiliary staff could be added, depending on the size of the budget.

The analysis showed there were 14 line Ministries that fell under the stewardship of the Office of the Public Service Commissioner (OPSCer), who assesses the performance of the Heads of Ministries (HOMs). The report recommended a change of title from HOMs to CEO to reflect the nature of the job under the new structure.

There are 10 Island Administration Offices, each managed by an Island Secretary (IS), whose appointment and assessment are carried out by the Public Service Commission.

The report recommended changes to the responsibilities of the Island Administration to empower the Mayors and Island Councils to set priorities and implement them effectively. This recommendation was consistent with the legal scoping exercise carried out by CLGA and ADB in 2000.

From a legislative point of view, there were nine Crown Funded Agencies (CFAs) governed by the Acts of Parliament. These CFAs were not subjected to a performance review by the Public Service Commission. The analysis recommended separating the constitutionally driven CFAs and merging the rest under a new economic development entity: the CIIC.

The 6 Constitutional Agencies (CAs) that needed to retain their independence were: Audit Office, Crown Law, and the Office of the Ombudsman, the Public Service Commission, Police, and the Financial Supervisory Commission.

The Government also owned six State Owned Enterprises (SOEs). These SOEs fell under the management of the Cook Islands Investment Corporation (CIIC) as a holding company. Although SOEs were not included in the Terms of Reference (TOR) for the review, CIIC was required for the functional review as a Crown Agency. The review recommended that CIIC be replaced by a SOE unit within the proposed Ministry of Finance and Revenue Management. This unit was to be empowered by a separate SOE corporate legislation.

From the analysis the report recommended restructuring the whole public sector (20 Crown and Constitutional agencies) into 8 distinct sectors: 1) Governance, 2) Finance and Revenue Management, 3) Environment, Energy & Climate Change, 4) Infrastructure, Transport & Communication, 5) Law and Justice, 6) Health and Social Services, 7) Education, Culture & Sports, and 8) Economic Development. According to the review potential benefits of the restructuring would be to –

1) align the activities of government closer to national development goals and legal mandates.

2) bring government activities into the loop that focus on management for results.

3) reduce cost by sharing of services. The cost-saving from structuring of government activities was estimated at $8 million.

PF & PSPR Report Content

The objective of the review was to align government activities closer to national development objectives. Moreover, it provided a legal mandate that focused on core activities of government that operated on the philosophy of 'management for results'. However, not all government functions are of an economic nature.

Social oriented sectors prevent social deficits which in return saves government expenditure on the long run. The cost savings estimate at $8 million had been provided, but there was no cost benefit analysis provided for the restructuring process.

There was no figure provided for the short-term to the medium-term cost of loss in human capacity, and the loss of institutional knowledge and capability.

There was no indication of the financial and economic loss from outmigration that would be affected by the reform. Social costs such as crime rates, poverty level, frequency and the level of service delivery, adequacy of health services, education levels, and social services impacting on the population were not provided. The restructure could either force employees out of work or make the employees work more, at reduced wage rates. The results of the restructuring could affect employees. Forced redundancy could encourage a new wave of migration as seen during the 1995-96 public sector reform. Concerns have been raised about the sustainability of the island communities (ADB, 2008c) but this matter was not highlighted in this (review) report.

Smith, S.E. (2010). Unchartered Waters: Has the Cook Islands Become Eligible For Membership in the United Nations?

The review of this article is divided into six sections and the analysis is presented as set out in the document. Section 1 sets out a brief history of the growth of the UN and the criteria for membership. Section 2 describes the Cook Islands free association status; how it grew and changed over the last forty five years.

Section 3 assesses the Cook Islands status at international law and Section 4 questions whether the Cook Islands was eligible for UN membership. Section 5 asks whether the Cook Island wants to be a member of the UN whereas Section 6 posed a number of significant questions not asked in this thesis.

Purpose

The purpose of the article was to inform the incoming Cook Islands Government (after the general election) of a recent study about the 'special' relationship that exists between New Zealand and the Cook Islands. The second aim was to inform the Deputy Prime Minister, (also as Minister of Foreign Affairs and Immigration) about the 'grey' area that had been studied. The outcome of the study was in favour of the Cook Islands should it decide to seek membership with the United Nations.

Prior to self-government in 1965, the Cook Islands and New Zealand entered into a 'special' arrangement where the people of the Cook Islands retained New Zealand citizenship "with the right of free entry into New Zealand. . ." (MFAI, 1998, p. 17). This arrangement expected the people of the Cook Islands to abide by and respect the rules, laws and policies governing New Zealand's citizenship. Over the years, the Cook Islands has gained recognition in the region and the world as a sovereign state. For instance, the Cook Islands became a member of the Pacific Island Forum (PIF), the World Health Organisation (WHO) and the United Nations Children Emergency Fund (UNICEF). Nevertheless, there were ongoing arguments as to whether the Cook Islands could qualify as a member of the United Nations (UN), while retaining New Zealand citizenship.

Significance of Smith, S.E. (2010) Article

On 12 January 2011, a letter was sent from New Zealand to the Deputy Prime Minister and Minister of Foreign Affairs of the Cook Islands, advising him of a study that was published in the *New Zealand Journal of Public and International Law* (NZJPI*)* in December 2010.

The letter came with the article that critiqued the advice given by the New Zealand Prime Minister (Helen Clark) to the Cook Islands Prime Minister, (Dr. Terepai Maoate) in 2001. The author was Stephen Elliot Smith of the University of Otago.

Smith argued that the Cook Islands should not be required to give up New Zealand citizenship, if it sought a seat in the United Nations (UN). The next section analyses this article.

Section 1:   Introduction

In Section 1 of the article is an introduction which describes the complex nature of the issue of "free associated state", and in particular that of the Cook Islands and New Zealand. To demonstrate the issue the writer uses an idiom of child-parent conversation in reference to the special relationship between the two countries.

In the introduction, the author presents the confusion that people have over what is exactly meant by a 'free associated state'. This section leads to the examination of the historical aspect of the UN and its member states in Section 2.

Section 2:   The UN and Member States

The UN was formed following World War 2. The purpose of the UN was to keep the peace and to have member states solve their differences at an international forum without resolving to war. The first UN Charter was signed on 24 October 1945 by 50 states and the first founding members were 22 from the Americas, 14 from Europe, 9 were from Asia, 4 were from Africa, and 2 were from Oceania. Six of the founding members were not independent states.

To be eligible for membership, countries must meet five criteria set out in Article 4 of the UN Charter that are: 1) be a state , 2) be peace-loving, 3) accept obligations contained in the Charter, 4) be able to carry out those obligations, and 5) be willing to do so. The application must be approved by two-thirds majority of members "upon recommendation of the Security Council" (p.172). The UN does not solicit memberships. In addition, memberships grew despite the cold war and the use of veto powers by the superpowers, in particular the United States of America (USA), the former Union of Socialist Soviet Republic (USSR), Russia and the People's Republic of China (PRC). Altogether, there were 192 member states at the time of writing of the article.

Section 3: Cook Islands and New Zealand's Special Relationship

In Section 3 of the article the author provides a brief background information about the Cook Islands, including the country's geography and demography.

Moreover, it discusses the political history and the relationship between the Cook Islands and New Zealand that began in 1901 and culminated in self-government in 1965. The next section describes the UN General Assembly's *"Declaration on the Granting of Independence to Colonial Countries and Peoples"* (p. 178) on 14th December, 1960, to introduce the foundation of independence from colonisers. Although the UN declaration was supported by New Zealand, it placed New Zealand in an awkward position where its legal boundaries extended to include the Cook Islands. From historical accounts, Cook Islanders are related to the Maoris of New Zealand, and this bond has tied the two countries for years.

The UN Declaration has provided four alternative scenarios for New Zealand and the Cook Islands: 1) give the Cook Islands complete independence (like Samoa did recently), 2) integrate the Cook Islands with New Zealand, 3) give the Cook Islands internal self-government, or 4) integrate with an as–yet to be an established Polynesian or Pacific Federation.

When these four options were presented to the Cook Islands Legislative Assembly, it unanimously agreed to the third option - to gain internal self-government and retain New Zealand citizenship. This accord was ratified by the New Zealand Parliament in 1964 and became effective on 4 August 1965. The Cook Islands was the first 'Associated State' in the decolonisation era.

Despite the development, there was no clear universal definition of "free associated state" or "associated statehood". Therefore, the UN outlined what it perceived as "free association" in terms of countries that, 1) emerge as a sovereign independent state, 2) freely associate with an independent state, or 3) integrate with an independent state. The Cook Islands fell into the second category.

Section 4:   The Cook Islands Status in International Law

Section 4 summarised the current status of the Cook Islands at International Law. "Although the concept of an Associated State is recognised in international law, there is no one size fits all approach to how such entity is regarded in international relations" (p.191). The author then compares the status of 'Associated States' globally in order to establish the position of the Cook Islands.

The article describes how the Cook Islands, for the first time signed a treaty with the USA over the Maritime boundaries between the Cook Islands and American Samoa, which recognised the sovereignty of the Cook Islands in 1980. In this treaty, New Zealand and the Cook Islands both commented that the boundary does not fall into New Zealand territorial waters. As seen in this example, it was the Cook Islands Jurisdiction that clearly demonstrated the Cook Islands sovereignty. Other regional and international treaties followed.

At the invitation of major regional and international organisations the Cook Islands signed the Convention on the Elimination of All Forms of Discrimination against women, the Abolition of Forced Labour Convention, an Agreement establishing the Asian Development Bank, and the Convention on the Protection of the World Cultural and Natural Heritage. This signifies a significant shift in recognition of the Cook Islands as a self-governing sovereign state, whether it was fully independent or not. Thus, the Cook Islands gained the status of 'nationhood' over the years and could easily gain membership of the UN, if it should decide.

Section 5:   Condition of Entry into the UN Analysis

Part 5 sums up the conditions of entry into the UN and argues that several countries with situations similar to that of the Cook Islands and New Zealand (i.e., having a joint head of state or shared citizenship) have applied for the UN membership and have been accepted as member states. The article provides examples of the Commonwealth Countries with Great Britain, the Compact States of Micronesia with the United States and Liechtenstein with Switzerland. Although these cases differ in characteristics, their situations were similar to that of the Cook Islands and New Zealand.

The article provides the advantages for the Cook Islands to have a UN membership to avoid future 'embarrassment' and 'conflict of interest' situation such as with the fishing agreement with Taiwan (NZ supported PRC). Another embarrassing encounter was the off-shore bank fiasco that involved money laundering, which New Zealand was said to be behind the 'Wine box Inquiry' that placed the Cook Islands on the 'blacklist' of Non-Cooperative Countries and Territories (NCCT) by the Intergovernmental Financial Task Force on money laundering (FATF).

The article concludes that the people of the Cook Islands do not need to give up their New Zealand Citizenship (as feared by many in the past) to become a UN member State. New Zealand would accept such an approach as the relationship between the two countries has matured over the last 45 years. Nevertheless, the prerogative rests entirely with government and the people of the Cook Islands.

Section 6: Significant Questions not asked

The article argues that over the last forty five years the UN was the same body that approved the self-governing status of the Cook Islands in free association with New Zealand as a 'decolonised' country.

Now, it was time for the Cook Islands to seek membership from the same organisation that approved its status as a 'sovereign' state in free association with New Zealand. Unlike other countries that were vetoed or were not qualified for the UN membership, in the current condition in international law and the right political atmosphere the Cook Islands could progress from a self-governing state without UN membership to a UN membership. The article argues that a) the Cook Islands should apply for membership and b) if it does, it would be successful (p.170). The author states that it is up to the people and the Government of the Cook Islands to decide. However, the role of New Zealand as a partner in this arrangement was not considered in this article.

There are three critical questions that need to be addressed with NZ Government before any significant progress could be made for the UN membership.

These questions are: 1) does New Zealand favour this arrangement? If so, could the Cook Islands become a member of the UN without its citizens losing NZ citizenship? 2)

Why is it so important for the Cook Islands to become a member state of the UN? 3) What are the costs and benefits of becoming a member of UN? These questions have not been adequately addressed in this article.

Part 4: Statistical Data Reports

2008 Annual Statistics Report

The Cook Islands Annual Statistics report is a compilation of statistical data collected from key Government Agencies and Ministries to provide policy makers, legislators, researchers, and stakeholders with indicators that impact on major activities undertaken in the Cook Islands. The 2009 Annual Statistical Report contained data relating to activities undertaken in 2008 as compared to the previous year's figures. This report contained:

1) demographic statistics, 2) the national accounts), 3) taxation, 4) consumer price index, 5) banking statistics, 6) overseas trade statistics, 7) public sector accounts, 8) tourism and migration data, and 9) miscellaneous (socio-economic) data.

The analyses highlighted some significant findings and the implications it had for the Cook Islands. The analyses are divided into five sections following the outlines above beginning with Section 1 and ending with Section 9.

Section 1:   Demographic Data (Population)

Significance of Demographic Data

The head count of the Cook Islands population in 2009 Annual Statistical Report was based on the 2006 Census Report (CISO, 2006c). In the summary of the report, there was an indication that the total population was increased by 1,553 (8.6%) from the 2001 Census Report (CISO, 2001). However, the statistics did not break down the increases to reflect on significant increases in different categories of the population.

The migration data in the report has shown, three categories of population arrived in the country: i) residents, ii) tourists, and iii) returning Cook Islanders (from overseas). Tourists could be easily identified as these group of the population could clearly state

their status on entry and departure cards; whereas, the first and the third categories were difficult to identify. This is because the information provided by returning Cook Islanders could imply either: a) the returning person lives in the Cook Islands as a permanent resident or b) the person lives overseas, but has a home in the Cook Islands and could spend time, sometimes up to three to six months a year. The dual residential status could be the cause for the large variances in the movement of resident population over the years. These discrepancies also distort tourism figures, as often, overseas-born returning Cook Islanders might identify themselves as local tourists. Thus, government plans to cater for its resident population can be hampered by such data discrepancies.

The special relationship between the Cook Islands and New Zealand has provided the impetus for Cook Islanders to live and work in New Zealand (and Australia), and return to the islands now and again when required.

Many often live in two or more locations (homes) at one time or the other. In this report, the general population movement was mainly from the outer islands to Rarotonga and then overseas, but more so from the northern group islands of Manihiki, Pukapuka, and Penryhn.

The dependent population is defined as the resident population that fit these criteria, a) in school, b) unemployed, c) have a disability, and d) retirees. In this respect the figure for the dependent population is 61%. When the dependent population statistics are compared with the "Tourism and Migration" statistics (p.60), there is a correlation between outward migration and the dependency ratio (page 1). The correlation between the two sets of data suggests that the rapid outward migration could have contributed to the declining productive population available to support the dependent population. This is supported by the 2011 census figures which showed the largest section of the dependent population was aged between 1-19 years age group, including infants, school age children and people aged 60 and over (see CISO, 2012, p. 11).

Section 2:   National Accounts

The National Accounts section of the Annual Statistics data presented the total value of all groups of activities conducted within and outside the Cook Islands in 2008. The aggregate value of activities undertaken measured over a period is known as the gross domestic product (GDP).

The methods of measurement used in the report were not disclosed; however, except for one (Table 2.5) all tables contained GDP measured at current market prices. There are two types of unit price methods used to determine GDP values. One method is based on current market prices and the other is based on average price. The brief explanation of the methods of measurement, the unit price used in the measurement, and the analyses of the report are provided in this section.

Significance of the National Account Data

The measurement of GDP is one of the primary indicators used to measure the performance of a country's economy over time. It is a method used to indicate to the reader if the economy was growing or shrinking.

The calculation of the GDP could be done in either one of these ways: a) by applying the income method of calculation or b) by using the expenditure method. In the income method all income earned from labour, profits earned from investments, and surpluses derived from private and public activities are added to derive at a GDP figure at a given time – usually for a 12 months calendar period. For the expenditure approach, all national expenditures including expenditures derived from private or public activities that have occurred in a given period are added to give an aggregate GDP figure. Both methods should produce approximately the same results.

Two unit price methods can be used to measure GDP: a) the current market price method and b) the average price method. An average price method is calculated by applying the prices of goods and services undertaken in a given period and divided these into the number of period at the end of the period, to give an average unit price earned or paid. The average unit price is then multiplied by the quantity of activity consumed or paid for to measure the GDP; whereas, current market price is a unit

price of activities determined by the market at recent rates recorded at cut-off period, either at the end of a financial year or in a calendar year[39].

Except for the measurement of GDP by industries (which uses average pricing method in Table 2.5), all other GDP tables and the summary of the report used current market price indices to measure the Cook Islands' GDP in 2008. The Cook Islands GDP at current price in 2008 stood at $289.3 million as compared to $274.5 million in 2007. The GDP per capita for 2008 stood at $13,648. As shown in Table 2.1, at the current market price the economy was growing at 4.4% per annum. In constant price measured in 2000, the value of GDP (at the current price of $289.3m) would be equivalent to $235.5 million. As reported in the data this would be equivalent to $11,109 GDP per capita and represents a "real annual decrease of 1.2% over 2007" (p.13) of GDP[40].

Contribution to GDP by sector in 2008 showed 63.5% of GDP was contributed by corporations; whereas, the public sector (public enterprises and public administration) contributed 20.8% and the remaining sectors contributed 15.7% . The main reason for the growth was from the mining and manufacturing industries of 7.0% and, an increase of 4.6% in the public administration sector. These increases were offset by decreases in other sectors such as community, social and personal services (-10.6%), construction (-8.0%), finance and business services (-4.4%), agriculture and fisheries (-3.7%), restaurants and accommodation (-2.9%), and wholesale and retail industry (-1.2%).

In sum, statistical indicators pointed to an internal contraction of most areas of activity in the economy, except for the growth in mining, manufacturing, and public administration sectors which aggregated in a positive growth rate of 4.4%. As the report did not indicate the type of method (income or expenditure method) used in measuring the GPD, it is impossible to explain whether there was an increase or decrease in savings and expenditure for the two mentioned sectors.

An increase in public service expenditure (e.g., salaries of members of Parliament or public servants without corresponding increases in outputs) could mean money was spent on unproductive areas.

If this was the case, these areas may not increase return on investment, which could place the Cook Islands at greater risk of interpreting growth statistics at face value.

Section 3:   Consumer Price Index (CPI) Data

Significance of CPI Data

The consumer price index (CPI) is used to measure the cost of living in an economy in a given period. CPI measures changes in the levels of the price of a market basket of consumer goods and services purchased by individuals or households in a given period. In this example, the CPI was used to measure consumer goods and services purchased by households in the Cook Islands in 2008. The data analysis shows that it was costly to live in the Cook Islands in 2008, given that the wages and salary levels were held constant. Much of the cost increases was due to the rising cost of transportation because of the rising cost of fuel.

The increased cost of fuel affected all sectors, including internal travel costs (airfares and land transport costs), household electricity costs, and the cost of consumer goods and services passed on to suppliers, then to customers.

Tobacco and alcohol showed a sharp price increase of 300% which also contributed to the upward trend in CPI in 2008.

Although the report did not mention where the price of goods purchased was used in the calculation, it could be argued that since over 80% of goods were imported into Rarotonga and consumed, the market basket of goods was measured based on Rarotonga prices. The actual price of goods purchased in the outer islands was more than twice the price of goods purchased on Rarotonga. Thus, the actual cost of living in the outer islands may have been understated.

Section 4:   Overseas Trade Data

Significance of Overseas Trade Data

There was no current account balance presented for 2008 and there were no further data or reasons given for the increase in tourism receipts despite the reduction of the number of flights in 2007 and 2008. The opening of the Los Angeles/Rarotonga route brought visitors from Europe and North America to the Cook Islands. Anecdotal reports state that tourists from the northern atmosphere (the EU, the USA, and Canada) spent more money in the Cook Islands than tourists from New Zealand and Australia. This movement could explain the upward trend in tourism receipts as the Los Angeles (LA) flight resumed operations in 2007/2008 period.

The balance of trade accounts for the Cook Islands continued to show an increasing deficit on the graph. In 2008, there was a deficit of $207.1 million, up from a deficit of $137.7 million in 2007. The economy was dominated by imports worth $213.0 million in 2008, an increase of 47.1% as compared to the previous year ($145.0 million).

Much of the increases in imports were from mineral fuels (up $31.3 million), followed by machinery, transport, and equipment (up $11.5 million), and food and live animals (up $5.0 million). On the other hand, total exports were valued at $5.9million in 2008. These data showed a decrease from $7.05 million in 2007, which further widened the balance of trade account. The government's current account balance at 2007 showed $17.9 million, up by 38.0% from 2006. The tourism sector contributed the largest intake of $145.3 million. The increases in revenue intake was attributed to the increased in visitor numbers despite the decline in flight numbers in 2007 (see Table 9.4).

Records since 1988 have shown continuous increases in overseas trade deficit. However, this deficit was compensated by the increases in tourism receipts over the years. This trend indicates that the Cook Islands is a consumer country because it imports most of its goods and services for consumption, and very little is produced, saved and/or exported abroad. Despite the continuous net deficits in the balance of trade accounts, the people of the Cook Islands enjoy a high standard of living as compared to other Pacific Island countries (Knapman & Saldanha, 1999).

Some scholars attributed this to money transfers from remittances from Cook Islanders living abroad (Bertram, 2003; Brown, et al., 2011).

The late Professor Ronald Crocombe recorded the remittances at only 4% in 2008 (Crocombe, 2008) and argued that much of the government revenue was from tourism. Whereas in the latest study conducted by Brown, Leeves and Prayaga (2011) in Australia estimated the remittance from the Cook Islands' diaspora community overseas could have contributed to 60% of the country's GDP, but these figures did not appear in government accounts.

Section 5: Public Sector Accounts

Significance of the Public Sector Accounts Data

Based on functional analysis the estimated budget at 30 June 2009 comprised the following; other economic services made up 36.2%, while the general public service made up 22.4% of the expenditure, followed by education at 12.1% and health at 10.6%. Other crown functions made up the other 18.7% of the budget.

This section of the report showed increases in government revenue, but expenditure proportionately increased as well.

Taxation brought the highest receipts compared to other revenue source. Public service cost in salaries and wages was 33.2% of the total expenditure.

When adding capital expenditure (e.g., Ministerial and HOMs vehicles, equipment such as computers and machinery that support government operations) government's administrative cost would be about 45.3% of the total expenditure. This figure was consistent with donor agencies reports (Yeoman & Numanga, 2011) and information provided by a participant (P4) in the study.

The public sector account consists of consolidated Revenue and Expenditure accounts. The Cook Islands financial year ends on 30 June each calendar year. The Total Government Revenue estimated at 30 June 2009 was $116.67 million and $106.56 million at 30 June 2008, an increase of $10.11 million (0.86%) from previous year (see Table 5.1). Taxation revenue was the single source of revenue that contributed to

69.4% of total revenue. The rest was made up of taxes from fees, fines, bank charges, and grants (see Table 5.2). Expenditure for the same period was estimated at $124.43 with an increase of 29.9% (28.6 million) when compared to the previous fiscal year. The amount of expenditure recorded at 30 June 2008 was $95.71 million.

Other purchases of goods and services made up 42.3% ($52.6 million) of the total expenditure on 30 June 2009, closely followed by salaries and wages, which amounted to $41.3 million (33.2%) and capital expenditure was $15.0 million (12.1%).

Section 6: Tourism and Immigration Data

Tourism and migration statistical data comprised the movement of people in and out of the Cook Islands in 2008. In this data visitors are categorised by regions and by country for New Zealand and Australia, and for returning and departing Cook Islands residents which are the largest visitor groups. The accommodation occupancy rate for tourists was also given in this report.

Significance of Tourism and Immigration Data

Tourism data for 2008 showed 105,931 arrivals of which 94,152 (88.8%) were visitors. This was a decline of 3.3% from 2007.

From the statistical data, 57.5% of visitors came from New Zealand, followed by visitors from Europe with 17.7%, and 10.7% were from Australia (see Table 6.1).

Visitor arrivals from New Zealand increased by 1,669 in 2008, but this was offset by decreases in the number of visitors from Europe by 1,936 followed by Australia with 1,001 people. Out of the 105,931 visitors, 76,206 (71.9%) came to have a vacation, while 10,885 (10.3%) came to visit relatives and friends. There were 62,546 (59.0%) visitors accommodated in hotels and motels and 43,385 (41%) of them were accommodated elsewhere.

The tourism accommodation room occupancy rate was 53.3% in 2008 compared to 52.7% in 2007 which was a slight increase of 0.3%. Total outward migration in 2008 was 107,234 as compared to 108,160 in 2007. Departing resident population was

12,878 in 2008 as compared to 13,024 in 2007, and resident migration data from 1987 to 1990 and from 1996 up to 2008 indicated a continuous net outflow of resident population. The highest recorded departure was 1,429 people, who left the Cook Islands in 2000. A closer examination of Table 6.1 showed a net loss of the resident population in 2008 was 1,099 as compared to 909 people in 2007. However, no explanation was given in this report for the continuous outward migration trend.

In the visitor's column, there were three main sources of external visitors (Tourists) that came to the Cook Islands in 2008. These visitors were mainly from New Zealand, Australia, and Europe. The Cook Islands relies heavily on tourism income; and therefore, the monitoring of tourism numbers in and out of the Cook Islands is crucial for its survival.

The data shows that despite the drop in visitor arrival numbers in 2008, there was a steady increase since the 1995/96 reform. Table 6.1 showed significant increases in visitor numbers from 62,970 in 1999 and reaching 109,431 in 2007.

The numbers of returning Cook Islanders made up a significant proportion of the total visitor numbers. For instance, there were 11,779 who were classified as Cook Islanders returned in 2008.

However, it is difficult to distinguish returning Cook Islands' resident from the visitors planning to spend some time with families and friends and return to their place of abode. The analysis was difficult because of the dual residential status facilitated by the Cook Islands and New Zealand's 'special' relationship accord (see Chapter 2).

A closer examination of the movement of resident Cook Islands population between 1996 and 2008 showed a net loss of 12,593 people. The 2011 Census showed the resident population to be 14,974 people (CISO, 2012, p. 9). This figure took into account newborn babies, people who died, and the net loss through outmigration.

The net loss of the resident population was replaced by foreign labour, but this was not reflected in this report.

It must also be noted that, between 1999 and 2008 over 909,740 people visited the Cook Islands. Out of these visitors, 375,673 stayed in hotels, 186,897 stayed in motels,

219,685 stayed in private residences and 127,485 stayed in other accommodations. Occupation rates between 1999 and 2008 ranged from 74.8% (highest) in 2006 to 53.3% (lowest) in 2008. The average room night occupation rate in the last ten years was 63.2%. These fluctuating rates indicated a robust but precarious tourism industry in the Cook Islands.

Section 7: Taxation Data

Significance of Taxation Data

The taxation receipts showed major increases in revenue since the public sector reform in 1995/96. As reported, "since 1998, gross turnover have experienced some significant annual increases especially in the years 2000 and 2003 with 25.1% and 13.1% respectively" (page 18). The gross turnover tax was reported to have had an increase of $9.2 million (1.7%) from the previous year.

From the data, industries that largely contributed to these major increases were: a) wholesale and retail trade sector with $222 million (40.9%), b) transport and communication with $96 million (17.7%), and c) hotels and motels with $80 million (14.7%).

Although data taken from 1998 until 2008 showed fluctuations in the taxation figures, the overall trend showed rapid rise from $188.96 million in 1996 to $543 million in 2008 – a significant increase of $354.04 million (65.20%) since the public sector reform.

The increases in taxation receipts were consistent with government's private sector driven policies that have been established after the reform. For instance, the 'private sector lead' economic policy was considered in the Budget Policy Statement in 1997/98 (Budget Policy Statement,1997/98). The taxation figures (see Tables 7.1 & 7.2) indicated drastic increases in taxation receipts from all sectors, since the reform. These increases were consistent with increases in the GDP figures, and were mainly driven by the reformed Income Tax Act of 1996/97 and the Value Added Tax Act of 1996/97.

For instance, the progressive income tax regime (every dollar earned is taxable) was replaced by the three-tier income tax regime in 1997.

Under this new income tax legislation, low-income earners who earn $10,000 or less per annum are exempted from paying income tax. Such legislative changes enabled the majority of the population to save, have choices to spend on consumer goods and services, or invest.

This was on the belief that the less tax people pay, the more private activities would be created which in return would stimulate economic activities that would on the long run bring in more tax revenue to government coffers (see CISO, 2010).

Section 8: Banking Statistical Data

Significance of Banking Statistical Data

The implications of this statistics showed that despite a decline in the movement of foreign assets between 2007 and 2008, this was offset by a strong domestic credit performance. Loans and advances were substantially increased during the 2007/2008 periods offsetting the decline in the foreign asset accounts. Money supply data were measured by broad (M3) and narrow (M1) money supplies.

'Broad money' is a term used to describe the measure of money supply that includes more than just physical cash. It included other transactions such as demand deposits at commercial banks, monies held in accessible accounts, cheque accounts, savings accounts, non-institutional money market accounts, and other transactions that can be easily converted to cash. Broad money supply (M3) is used to measure the liquidity of the economy.

On the other hand narrow money (M1) is a category of the money supply that includes all physical money (e.g., coins and notes), demand deposits, and other liquid assets held by the Reserve Bank of a country. This category of money is most readily available for trade transactions.

Movements of foreign assets in 2007/2008 showed a net decrease of 6.9% from previous year. This deficit was offset by an increase in domestic credit by 14.0%. Loans and advances by industries increased by $36.8 million (14.1%) over the 2007 period. The increases in this portfolio were made up of personal services (12.6%) hotels/motels lending (25.7%), followed by wholesale and retail trade (9.0%). As seen in the 2007/2008 banking data, there was an increase in narrow supply (M1) money by 4.4%. In the same period, term and savings deposits increased by 3.9%, while broad money (M3) supply increased by 4.0%. This data indicated the positive liquidity position in the Cook Islands, where banks could lend without raising interest rates.

Section 9: Miscellaneous Data

The miscellaneous data section contains statistical data including: 1) building approval rates and types, 2) energy generation (consumption) data, 3) vehicle registration statistics, 4) flight frequency and destination data, and 5) weather patterns data. The data are presented respectively, starting from section 1 to section 5 and their significance are discussed.

Section 10: Building Approvals

Significance of Building Approval Data

Statistical data for building approvals are directly linked to activities that create economic growth; whereas, the rate of energy consumption is directly tied to the import rate of fossil fuel, foreign exchange rate (rise or fall) that affect fuel import, and consumer demand (rise or fall) for electricity.

The drop or rise in motor vehicle registration could mean: a) increase or decrease in the demand for transportation, and b) the desire of consumers for 'luxurious' items ahead of items of 'necessity', such as food and clothing. Inward and outward flight information, indicate the frequency of flights that could affect the levels of services provided at the airport.

This data would indicate constraints placed on infrastructures such as runways, buildings, and auxiliary airport maintenance. Weather pattern data provide

stakeholders with frequently asked questions such as, a) how warm was the weather during the year, b) how would that impact on crops, in the following year, c) does it contribute to other events such as diseases, cyclones, increase or decline in tourism numbers, d) does it affect services provided by the host to service tourists, and e) whether these changes have been the cause of 'climate change'.

Statistics have shown the value of buildings have risen by 3.0% "but the total number of approvals fell by 14.1%" (p.7). The data further indicated Residential Buildings contributed to $11.8 million of total approvals, but it did not provide value or number of commercial buildings.

There was also an indication that in 2008 commercial and public establishments were valued at $11.1 million - an increase of 36.0% from the 2007 period.

The increases in capital cost meant there were more commercial buildings constructed in 2008 than in 2007, but more residential buildings were constructed in 2009 worth over $11.8 million. The average cost of residential building was $100,000. The average cost of residential buildings in the Cook Islands would be much higher than the estimated average value of $100,000.

The statistics provide the total number of buildings and value, then break this down to the types of building (i.e., commercial or residential) and the values. The variances in the numbers and values of buildings in a three-year period (2007, 2008, and 2009) inform readers of growths and declines in the numbers and values in the building sector.

Section 12: Energy Consumption

Significance of Energy Consumption Data

Raw statistical data with full explanation for the movement in price can render the data useful. Without explanations the reader can only guess or find other related articles to understand the phenomenon. In this report, there was no explanation been given for the overall decline in the consumption rate, and no reason(s) were given for the increases in the four outer islands.

A closer examination of the report reveals that no explanation was given for the major increases in the 2009 Annual Statistics Report. With the introduction of new generators and alternative energy, it could be useful to expand the database to include these analyses. In this way, the reader could see the trend in renewable energy consumption as compared with fossil fuel consumption. Only selected islands had their statistics recorded and released. It should be asked what happened to the rest of the islands who receive government grant every year to operate their generators?

Total energy generated and consumed in the Cook Islands fell by 0.4% in 2008, but major increases were recorded in the islands of Aitutaki (34.3%), Rakahanga (33.3%), Manihiki (26.8%), and Atiu (20.5%).   A closer examination of Table 9.2 (Energy Generated for Selected Islands) indicated there were overall increases in 2006 (6.1%) and in 2007 (4.8%).

Noticeably, the Island of Pukapuka (and Nassau) was absent from the data, which boasted the largest population figure of 526 in the 2011 Census for the Northern Group islands (CISO, 2012). Rakahanga had the largest increase in the population of 80% followed by Manihiki with 50.0% and Atiu with 40.2%.

Section 13: Registered Vehicles

Significance of Statistical Data for Registered Vehicles

The number of registered vehicles informs policy-makers how much traffic was likely to use government funded infrastructures such as roads and bridges. The types of vehicles indicate the level of physical stress the infrastructure would sustain in the medium- to long-term.

Such information help users, engineers, and policy-makers to make provisions in the budget for maintenance and rebuilding. Other interesting indicators are concerns about the impact of retired vehicles on the environment, air pollution, level of noise, and the relative use of oil and gas which could place demand on more imports of fossil fuel. Nevertheless, these statistics/explanations are absent from the statistical report. Additionally, no explanation is given for the overall decline in registration for all motor vehicles or reasons for the decline in each class of motor vehicle registered in 2008.

The registration of new motor vehicles was dropped by 18.1% in 2008 compared to 2007. The decrease was attributed to less number of registrations for motor vehicles classified as trucks, buses, cars, station wagons, and vans. Registration for new trucks, buses, and cars dropped by 32.3% and station wagons and vans showed a decline in registration by 24.8% in 2008. The registration of new motorcycles was the largest at 882 in 2008 compared to 1,047 in 2007 – still with a decline of 165 (15.76%).

Section 14:   International Flights

Significance of International Flight Data

International flight data are significant from three perspectives: a) tourism, b) infrastructure and facility usage, and c) capacity (personal) to sustain flights.

For tourism, the number of flights, points of departure, and the type of aircraft would signal the frequency, number of visitors, types of visitors, revenue expectations, and creation of economic activity (e.g., motor vehicles hiring, private and public sales, fishing, and rental income to mention a few). Nevertheless, types of aircraft with seat capacity and seat occupancy rates on arrival were not provided. It is arguable that such data could easily be captured on entry permit or arrival statistical data.

According to the international flight report, unavailability of flights westward after the closure of the Fiji route meant passengers travelling to Samoa, Tonga, Fiji and other nation-states to the west of Rarotonga would transit through the Auckland International Airport in New Zealand, but no such explanation has been given in the report. The frequency of flights out of Rarotonga was decreased by 18.4% in 2008.

The reason for the decline was the discontinuation of the Fiji route in 2008 and a reduction of flights to Tahiti.

Although the opening of the Los Angeles route was mentioned, there was no record of the frequency of flights in 2008 (see Table 9.4). However, the wording for the Los Angeles route "is now open" (see p.7) suggests the flights must have started in late 2008 period, but data was not made available until 2009. Eventually, Table 9.4 shows that there were 689 flights out of Rarotonga in 2008 of which 542 were bound for New Zealand and 83 were for Tahiti, followed by 64 to Honolulu, Hawaii. The data indicates

that more New Zealanders and Australians visited the Cook Islands than other nationalities in 2008 as shown in the visitor arrival data in Table 6.2.

Section 15: Weather Patterns

Significance of Weather Patterns Data

This data showed the farther north an island is positioned near the equator, the hotter it gets (see Chapter 2: Figure 1). This pattern was demonstrated in Table 9.5, where the average temperature in Rarotonga was 24.9 degrees Celsius, Aitutaki was 25.33 degrees, and Penryhn recorded on the average 28.87 degrees. These temperatures were measured from 2006 to 2008. Weather patterns in the Cook Islands often provided clues to weather bureaus in the Pacific region of the possibility of cyclones in the region. It is also an important element of people's daily living in an island state. It could mean life and death situation as every year there is a threat of the cyclone in the region. Weather patterns that are too hot, too cold, frequently rainy, or dry during certain months of the year would affect people who are dependent on the sea as a source of food, and those who are dependent on land as a means to grow food.

Health workers who are in the business of preventing diseases such as cold, influenza, and dengue fever (carried by mosquitoes in the summer months, if the weather is warm and wet with frequent rainfalls).

Table 9.5 only shows average temperature, total rainfall and total sunshine hours for selected islands; therefore, it is not useful to other islands in the Cook Islands. Only three islands were selected for data analysis.

These were the islands of Rarotonga, Aitutaki and Penryhn. The weather data of the seven other inhabitant islands are not provided in this report. No reason is provided for this lack of data in the report.

Statistical data pointed to a much drier period in 2008 as compared to 2007 and 2006 periods. Rarotonga's average temperature and rainfall remained constant, but total sunshine gained in 2008 was 0.2% as compared to previous year. Table 9.5 shows the average temperature for Rarotonga recorded in 2006, 2007 and 2008 were 24.8, 25.0, 25.0 degree Celsius respectively. The island of Penryhn recorded 28.5 and 29.0 degrees

Celsius in 2008 and 2007 respectively. These data showed the differences in the weather patterns in the Cook Islands – with hot and humid in the north to the moderate temperatures of the southern regions.

Pre-Election Economic & Fiscal Update (October, 2010)

Significance of Pre-Election Economic and Fiscal Update

The Pre-Election Economic and Fiscal Update is an important public document as it establishes the economic and fiscal position of Government prior to a general election. This report was produced pursuant to section 37 of the Ministry of Finance and Economic Management (MFEM) Act 1995-96 by the incumbent Minister of Finance. The update was based on the Economic and Fiscal data contained in the 2010-11 Budget Estimate, which was tabled in Parliament in July 2010 with some minor changes. The Economic Update is a government report intended to provide an overview of the economic performance of the Cook Islands economy in recent years and to forecast the future.

The MFEM, 1995-96 legislation made it mandatory for an outgoing government to produce this document for an incoming government, after a general election. The data analysis of this section follows the sequence exemplified in the *Pre-Election Economic Update* report. It begins with section 1, then followed by Sections 2 and 3.

Section 1: Economic Update Analysis

Economic data based on recent statistics showed the Cook Islands economy has contracted by 7.1% over the last three (calendar) years. The reasons given for the downturn were: a) the slowdown in private lending, b) reduction in total exports, c) fall in construction, and d) a slowdown in visitor arrival numbers.

In recent months, however, statistics have shown an overall improvement in economic growth and so, the forecast was that the economy will bounce back. However, there was warning about the vulnerability of the Cook Islands because of its over-reliance on government investments in infrastructure and the airlines connectivity to this country as a holiday destination.

The report suggested three main approaches to stimulate economic growth: a) to investment in strategic economic infrastructure to induce economic growth, b) design economic policies to reduce cost structure as an incentive to attract investment and create business opportunities, and c) reduce reliance on government to fill growth gaps by encouraging private sector growth in strategic areas of the economy. These are big ideas and it would take time to materialise.

Firstly, it is a question of the economy of scale – whether the return on investment could be increased, sustained, or diminished with reduced demand, as people migrate (see Chapter 2).

Secondly, whether it is viable for government to focus its attention on economic activities and leave its social responsibility to fill the gaps in the private sector, when the existing economic condition was susceptible to private investment risks.

Section 2: Fiscal Update Analysis

Under the MFEM Act 1995-96 (reform legislation) every government must table a fiscally responsible budget.

Budget deficits are discouraged under the MFEM Act and borrowings are restricted below the 35% Gross Domestic Product (GDP) threshold. Although the fiscal performance was good, warning signs were signalled because of: a) growing cost of the public service; and b) the speed in which public debt has been accumulated. The increases in spending could place the Cook Islands in a more vulnerable position than in previous years. One of the features of the updates showed the 2010/11 operation surplus of NZ$0.6 million, and the overall consolidated accounts at year end to be NZ$1.1 million in surplus. Nonetheless, the report warned that actual revenue receipts would need to be assessed over a longer period to prevent overexpenditure.

Section 3: Summary of Fiscal and Economic Data

The economic update section of the report, the two main scenarios were provided: 1) the report indicated the economy contracted by 7.1% in the last three years from 2007 to 2009, and 2) the economy was weaker than in the past, because of the reliance on

government investment in infrastructure and the airlines connectivity to the Cook Islands as a holiday destination.

On the positive note, the recent statistical data showed signs that the economy was bouncing back from recession, although with some caution.

The report suggested the next government should consider investing in economic-based infrastructure to stimulate business activities. The Government should encourage new investments, reduce business cost structure and create employment. There must be a reduction in heavy reliance on Government to fill in economic growth gaps in the long run.

One criticism pointed to the statistical basis of the analysis was the use of the 2000 GDP statistics to make references to the 2010-2011 budget that may distort the current economic situation.

On the one hand, the ten years comparison provided strong evidence of a positive economic performance trend. It therefore, sets the basis from which future predictions can be made on the economic and fiscal performance in the short-term, over the medium term and in the long term.

Chapter 8 DISCUSSION

This chapter discusses the findings presented in Chapters 5 and 6 (interviews and surveys) and Chapter 7 (document analysis). The aim of this discussion is to note the similarities and differences between data collected from the different sources and relate this to past studies or claims presented by academics and practitioners in the literature to answer my research questions. The discussions in particular relate to governance and NPM reform outcomes in general, and in Small Islands States such as the Cook Islands.

The discussion is divided into two parts. Part 1 discusses governance as a system and the parts that constitute the whole of governance. As participants were more focused on 'people oriented' parts of governance such as the Island Governments and the involvement of the Ariki in governance, these will be highlighted in this part of the discussion. Part 2 discusses the findings of the outcomes of NPM from 2006 to 2012, including: the definitions used, type of reform, positive and negative outcomes, and the rise of government monopolies and private sector oligopoly. The last section discusses the influence of New Zealand in the reform process and how it shaped the outcomes.

Research Questions

The two research questions are:

1. What are people's understandings of the systems of governance underpinning New Public Management in the Cook Islands from 2006 to 2012?

2. What are people's perceptions of the outcomes of New Public Management in the Cook Islands from 2006 to 2012?

While the questions are separated for ease of discussion there is an overlapping between the two.

Part 1: Understanding of Governance

Except for those who were engaged in government departments at the time of the reform, the study found that most participants viewed governance from their own personal perspective. They knew their roles in the organisations they represented, but they were not familiar with how the whole system functions. Opinions differed in respect to where the participants came from, where they worked, and their positions in the organisation they represent (e.g., HOM, politician, civil servant, NGO, civil society, or Mayor of an Island Council). In addition, it applied to those in the outer islands, who were highly concerned about their roles in their organisation and the issues they faced daily at work or in the community they represented as compared to those in Rarotonga.

The views of the participants from the southern group islands differed from those of Rarotonga and the northern group islanders. Generally, outer island participants were more akin to discuss their people's issues and the challenges they face in their island communities than their Rarotongan counterparts. Rarotongan participants, on the other hand, talked critically about the interrelationships between the different parts of government and NGOs involvement in governance. These contrasting views eventually led some participants to suggest solutions to improve governance. The next section discusses the findings.

Governance as a system

As noted, governance as a system comprised of the different parts that make the whole. Five parts of governance had been identified. These are: 1) the Parliamentary system and its components (the Legislature, the Executive, and the Judiciary), 2) Island Governments, 3) The House of Ariki (and Koutu Nui), 4) Voluntary Organisations (NGOs) and civil society, and 5) the influence of New Zealand in the Cook Islands, given New Zealand's citizenship (immigration) substantial aid, foreign policy and defence agreements. For the whole system to operate efficiently and effectively, the various parts of the system must work in harmony (Laszlo & Krippner, 1997).

Once an open system is disturbed, its transformation could adjust and evolve; not necessarily returning to its original position (Kast & Rosenzwieg, 1972).

The transformation of the Cook Islands governance system is similar to an open system (see Figure 9). The analysis revealed that the reform had transformed the former bureaucratic system into the NPM regime. It drew on the theories and concepts from institutional economics and managerialism (Boston, Pallott & Walsh, 1996). Although the focus of the study was in 2006 -2012 period, participants and key informants kept referring to the history of the reform. Participants felt a connection between the period understudy and the comprehensive public sector reforms that took place in 1995-96; and, the outcomes were a testimony to that eventful period. Moreover, many of the participants have, in one way or other, been affected by the reform, so they kept making references back to the earlier days as they relived their experiences.

Parts of Governance

As pointed out by a number of participants, at the time of the reform parts of the government systems had yet to be subjected to a review (ADB, 2002). For instance, the island government systems, the whole of the legislative function, and parts of the Judiciary and the House of Ariki (and Koutu Nui) were not part of the reform. Participants highlighted parts of governance that did not undergo the reforms, and these parts are discussed in this section. As noted by one key informant, "we didn't lock down the island government during the reform. That was the sad part". Another participant said: "we didn't go far enough to reform the other sectors"; and, one questioned: "how can we reform other sectors when Parliament is not reformed?"

The Executive Government branch (see Figure 4) was the main government agency that was involved in the reform. The other three sectors – the Legislature, part of the Judiciary (lower courts) and the outer islands were not part of the reform process. As one key informant puts it, "because the Executive arm of Government was responsible for a policy it was able to formulate and implement the reforms extensively as compared to the other two sectors".

As mentioned by some participants and key informants the political system needed to be reformed (CPR, 1998; Reeves, 2010; Wichman, 2012).

Comments received from participants such as "nobody wants to sacrifice – to downsize the number of MPs", and from the media "political system is seriously deficient'' (Reeves, 2010, p. 6), and from reform advocates "political reform is still outstanding" (Wichman, 2012, p. 7).

Similar sentiments have been expressed in the media during the course of this study (Ireland, 2010). Participants felt sitting MPs were reluctant to proceed with political reforms, because they were self-interested in holding onto political power. Maslow (1943) described individuals as self-interested 'actualisers', who are "perpetually wanting animal(s)" (p.347) and their interests supersede other people's needs. This proposition is seen in the on-going political reform debates that remained unresolved since the Political Review Commission (PRC) released its report in 1998.

Participants were of the opinion that politicians will not reform because they are the same people that decide their own fate; and so, "no one in their right mind would want to shoot themselves in the foot", one participant declared. An ADB (2008c) report noted that public sector reforms in the Pacific have been embroiled in the debate over political reform. The case for political reform in the Cook Islands was widely debated and publicised, but "largely remained unimplemented" (ADB, 2008c p. 152). These findings point to the long delay in reforming the legislative part of government to align it with changes made in the other parts of the system (see Crocombe & Jonassen, 2004).

As discussed in the ADB report, the instability in the political system "adds to uncertainty and tends to politicise the allocation of public resources" (ADB, 2008c, p. 152). A number of participants agreed with this statement. One participant said: without reforming the Legislature, "I can't see how the other sectors can reform". Thus, there was the need to realign the Legislative structure and its functions with other sectors, and NGOs as the Cook Islands moves into "the 21st Century" (PRC, 1998, p. 16). One point suggested by Jonassen (2010) was that in the political reform

process, the Head of State (HOS) was to be "nominated by the House of Ariki after consultations with the Koutu Nui" (p.18).

This suggestion was consistent with the findings of this study as suggested by one participant "that one day, the House of Ariki will be the Head of State of the Cook Islands". However, some participants wanted the traditional system to remain as it was–outside of parliament.

Part 11, Articles 12 – 21 of the Constitution established the Executive Government (government) of the Cook Islands and Articles 22-26 provided the framework for the Executive Council to manage the affairs of the State.

The Executive Government is led by the Prime Minister, who commands the confidence of the majority of members of Parliament. Article 13, cl. (1)-(5) established the Cabinet as the ultimate centre of executive power. The Cabinet comprises the Prime Minister and five other Ministers. However, there is a provision that the composition of Cabinet Ministers should not be less than 6 and not more than 8. This provision gives the Prime Minister an option to increase or decrease the number of Ministers by two, having between 6 to 8 Ministers. Under sub-clause 1, Cabinet is collectively responsible to Parliament. Besides, the Executive Government is the Executive Council and is comprised of Cabinet Ministers and the Queen Representative (QR) as the head state (CCI, 1965 Part 11, cl.13).

An amendment made to the Constitution in 1981-82 established the Office of the QR as head of state. The purpose of the Executive Council was to consider and approve Cabinet Decisions pursuant to Article 25 clause (1)-(5) of the Constitution. As the centre of executive power, line ministries, island governments, government agencies, constitutional agencies, state-owned enterprises, Crown funded agencies, the House of Ariki, Koutu Nui, and New Zealand government agencies (such as Immigration, Foreign Affairs and Trade, Defence and the Judiciary) deal directly with the Executive Government. From the Yeoman and Numanga (2011) Functional Review Report, there were 14 line ministries, 6 constitutional agencies, 9 Crown funded agencies, 6 state-owned enterprises, 10 island governments, 24 members of the House of Ariki, 36

members of the Koutu Nui, 8 Offices of the Executive Government (6 Ministers) including the Office of the QR (1) and Office of the Leader of the Opposition (1).

The external governance partners were particularly: the New Zealand's Ministry of Immigration, Ministry of Defence and the Ministry of Foreign Affairs and Trade - all having direct interest in governance of the Cook Islands under the special realm status of "self-government in free association with New Zealand" (Hayes, 2010, p. 27).

For a small country, the burden of public management lies at the heart of the Executive Government (Cabinet) of which Ministers (six of them) were given multiple portfolios ranging across a wide range of sectors of the economy. This was both an advantage as well as a disadvantage.

This situation enables Ministers to perform multiple tasks, which saves cost to the country. It broadens the knowledge of Ministers in other sectors of the economy to make informed decisions. On the other hand, the multiple functions kept the Ministers so busy that, according to participants they did not spend enough "time on their islands" or "on Rarotonga to run the country". Criticisms of Ministerial travels often hit media headlines, which prompted the government to release information on the travels to the public in the media outlets. The details of the travels would include the purpose of the travel, destinations, cost of the travel, the length of time for the travel, people accompanying the Minister (if any), and the details of the sponsor. The bad publicity stemmed from: 1) lack of information provided to the public, 2) sensational reporting by the media (government has no control over the media), and 3) the necessity for Ministers to travel because of their multiple portfolio functions were not adequately communicated to the public.

In Part 1V, Articles 47(1)-63(2) of the Cook Islands Constitution Act 1965 the Judiciary power was established. As mentioned earlier, the Judiciary was to hear and decide cases based on the relevant legislation, and to review decisions brought before the courts by administrative bodies of government (Ministry of Justice Tahu o te Ture, n.d.). The independence of the Judiciary was paramount in the interpretation of the statutes as intended by Parliament. At the time of the reform, only parts of the Judiciary system (the administrative function) were restructured. The control and the

hearing of court cases remained unchanged. The hearing of court cases in the high courts depended on the availability of judges from New Zealand.

One participant argued that "we are at a time where we should not be looking for local judges because it's a small place and conflict of interest will always be rearing its head in any decision". But one participant disagreed. He was critical of the way New Zealand judges interpreting Cook Island laws.

According to this participant, the interpretations of New Zealand judges were often based on their experiences in law in New Zealand, rather than on what was intended by the Cook Islands Parliament. "We rely on New Zealand judges to tell us what our law should be. We should make our own laws and interpret them".

There were criticisms levelled at the appointment of the Justices of the Peace (JPs) to the lower courts. For example, according to the Judicature Act 1980-1981 "Justices of the Peace are appointed by the Queen's Representative, acting on the advice of the Executive Council" (Pacific Governments, 2001, p. 1). Their roles are to hear and decide on cases that should be heard by the JPs or referred to Judges in the High Court. The participants wanted appointments to be based on merit. They said, "we are looking at moving away from the politicising of the appointment process and training of JPs".

In this regard, one former politician commented, "I've been accused of nepotism, but I am related to everyone in the Cook Islands so how can I avoid it?" (Ingram, 1992, p. 156). Such questions were not uncommon in small island societies, where the extended family system exists (Crocombe, 1990). Ingram (1992) also cautioned that moving to fairness in the system could also "weaken the extended family system" (p. 156) as the two systems "are antitheses of the other" (p.154). The findings suggest that to reform part of the Judiciary system, the Executive Government would need to agree, as it controls the appointment of the JPs. A change to part of the Judiciary process (lower courts) is needed to improve the training of JPs, and to ensure the independence of the Judiciary.

Place of Island Governments in Governance

This study found that the new reform legislation that was introduced between 1995 and 1997 conflicted with the Island Government Act 1987, which subsequently placed the Island Councils outside the mainstream public service.

This situation made coordination and implementation of government policies in the outer islands extremely difficult to achieve. This revelation was summed up by a participant –

> the Local Government Act was passed in Parliament since 1987. You see, the 1996 reform didn't take account of that. The Public Service Act 1995-96, prior to the 2009 Act . . . (and the Island Government Act 1987) contradict one another.

One other participant said, "There are layers and layers of structures in the outer islands". These layers made the implementation of government programmes more difficult to achieve. When a participant was asked his views about the effectiveness of the new Island Government Act (2012-13), he said: "we don't know. We can only learn from putting it to the test". However, experimenting with legislation such as this could further complicate the island government processes as there have been tensions in the past. These tensions arose from: a) the incomplete structural adjustment, b) conflicting legislation (new and old) operating alongside one another, and c) inappropriate ways of communication between the various line ministries, government agencies (LMAs), island governments, and central agencies. It was also noted that the political system (party politics), which promulgated 'divide and rule', ultimately divided the island communities. In addition, personal differences may have also divided the island communities.

One example was the flexibility of the 1995-96 PSC Act. This act devolved powers to government agencies, which enabled Line Ministries and Government Agencies (LMA), and island administrations to set their own goals, policies, determine their pay rates (based on their budgets), and reallocate resources where they saw fit, caused disparity in policies and awards across the various government agencies. The devolution of powers followed a tenet of the public choice theory of 'differential' governance (Ostrom & Ostrom, 1971). The concept was meant to dismantle the heavy top-down bureaucracy into smaller and more manageable units, so that people at the lower level

could plan for and implement policies that suit their needs. However, this method of management became a challenge because it created disparity in the system that eventually led to inequality.

Other legislative changes that were introduced between 2006 and 2012 were the Employment Relations Act 2009 (replacing the Labour Ordinance, 1964), the Island Government Act 2012-13 (replacing the Island Government Act, 1987, and the Public Service Act 2009 (PS), (replacing the PS Act 1995-96). These new legislation were introduced to address some of the anomalies found after the Economic Reform Programme (ERP) was completed (ADB, 2008c).

The continual adjusting and rewriting of the legislation demonstrated the need for a cohesive approach to public sector reforms.

Lessons learned from these findings suggest that the success of public sector reforms depended on how the reforms were envisioned and implemented. If one part of government structure was not adequately aligned with other parts, tensions were likely to emerge. "That's why I am arguing with these people", said one participant. Another said, "we trialled devolution but there are disparities between the Ministries, so we centralise". However, the majority of the participants agreed that the devolution "was a good thing", nevertheless, tensions were bound to emerge in the absence of appropriate legislation or failure to identify and remove existing laws that may contravene other legislation.

There were also tensions between central agencies, line ministries, and government agencies because of disagreement over the interpretation of provisions of the 2009 Public Service Act. As seen in these examples, and similar disagreements which had their roots deeply entrenched in the theoretical tensions that exist between public choice theory and managerialism. That is, public choice theory advocates the devolution of powers whereas managerialism emphasised central-top-down control to maximise outputs. This tension will be explained later in this chapter.

Place of the Ariki (Koutu Nui) in Governance

The modern concept of governance systems is the reorganisation of the functions of government away from the traditional hierarchical systems to networks of collaboration (Bellamy & Palumbo, 2010). The UNDP (1997) defined the functions of these networks as "the exercise of economic, political, and administrative authority to manage a country's affairs at all levels" (p. 4). In the Cook Islands context, the Ariki and the Koutu Nui (Mataiapo, Kavana and Rangatira) are directly linked to the central government by the Constitution (Article 8), bounded by subsidiary laws (HOA Act, 1966) and by traditions (Ingram, 1992; Crocombe, 1964).

In the same way, the Island Government Act, 2012-13 incorporated the traditional family-based Ariki system into its structure. In this way, the traditional form of governance (the social-cultural, economic, and political systems) was merged with the modern parliamentary democratic system, so enable the voices of the people to be heard through their Ariki besides the (MPs) elected to Parliament. The roles of the Ariki and Koutu Nui under legislation were to oversee the welfare of the tribes (Article 9) and to consult with and provide advice to government (CIC, 1965; House of Ariki Act, 1966; Ingram, 1992).

Although the House of Ariki and Koutu Nui were not specifically mentioned in the NSDP (2007) or NAR (2006) reports, Goal 7 of the NSDP (2007) placed history, culture, language, heritage sites, and traditional knowledge and practices as part of the family-based Ariki System.

As seen in these documents and from government's perspective the oral traditions (history), culture, language, heritage sites, and traditional knowledge have been placed with the Ministry of Cultural Development (MCD). The MCD forms part of government's social function in the strategic plan (NSDP, 2007, p. 11). Some argued that the Ariki and the traditional systems had been withered down by government policies and by legislations from the colonial period to recent times (Mason, 2003). Besides, traditional leaders were not upskilled in the art of modern governance (Ingram, 1992) which placed them in a vulnerable position.

Despite the diminishing legislative powers of the Ariki, the place of the Ariki is ingrained in the daily lives of the people of the Cook Islands. As pointed out by one participant, "people look up to that type of authority". Claims to land rights, family titles and allocation of resources connects individuals to the chiefly system, and sanctioned by the courts (Crocombe, 1964).

Historically, the islands of Mangaia, Mitiaro, and Pukapuka (and Nassau) have remained outside of the land court system (Hassall et al., 2011). Although the Cook Islands population generally supported their traditional system, the extent of powers to be shared between traditional leaders and Parliament was not conclusive as found in previous reports (CPR, 1998), and in this study. Thus, further research may be required to gain people's views to ascertain these relationships.

Part 2: New Public Management Outcomes

The first point of discussion is that how participants defined NPM as opposed to definitions that were widely used by donor agencies (in sponsored reports) and reports from government sources. The next discussion is on the type of reform seen in the Cook Islands, followed by discussions of the outcomes, which include government monopolies, private sector oligopoly, and New Zealand's special relationship that influenced the outcomes of NPM in the Cook Islands.

NPM Definitions used in the Cook Islands Context

Surprisingly, only two participants had heard of NPM, because they were undertaking management-training at the University of the South Pacific, Rarotonga branch. The rest of the participants did not know its definition or what it constitutes. However, all participants knew the country was undergoing the reforms in the mid-1990s, because it was "bankrupt and the reform was necessary" to bring the country back to normalcy. Despite the comprehensive public sector reform of 1995-1997, the term New Public Management (NPM) was not heard of. Although, participants were able to relate NPM to definitions such 'reform' 'transition', 'devolution', 'decentralisation', 'public sector

reform' and 'economic reform', they could not describe what NPM entailed or the theoretical basis from which NPM originates (Pollitt, 1999).

Terms such as 'public sector reform' and 'economic reforms' were frequently used by top level public servants, private sector participants, and people who worked with non-government organisations (NGOs).

The reason could be that, these were the terms that were often used by participants and their colleagues in the organisations they were employed. Some participants who held top government jobs had a good grip on the concept of the reform as compared to those at the bottom of the administration and members of civil society. Some knew of the rationale behind the reforms and thought "it was a good thing".

There were participants who used the terms 'reform' and 'devolution' interchangeably to describe their experiences.

Participants from the outer islands frequently used the terms 'transition' and 'devolution' to describe their experiences. Despite the thirteen year gap between the time the reform took place and the time this study was conducted participants kept making references to the reforms. For instance, participants, who were familiar with or were affected during the transition period (1995-96), frequently used the term 'transition' to relate the reform to their lived experiences. The term 'transition' was frequently used by participants from the outer islands, whereas the terms 'devolution' and 'decentralisation' were used interchangeably by a number of participants from Rarotonga and the Outer Islands who were involved in the reform.

By way of contrast, participants, who returned from overseas after the reform, did not use any of the terms described in their conversations. When questions were asked about the former administration and the NPM system one participant answered, "I didn't know there was an old system but, I kind of like this one". The participants preferred the modern system, because it gave them a say in "what goes on, at the workplace".

Such a response is an indication that either the terms were not used anymore at the workplace or participants were not exposed to public sector reform literature while

living in the outer islands. These participants liked the system, because it gave them the authority to manage, and as employees they felt a sense of purpose in what they did. "The positive side I see is that we are being heard", was the response from one participant. On the whole, definitions such as 'public sector reform', 'economic reform' and 'economic reform program' (ERP), 'restructuring' and 'structural adjustments' were rarely used or referred to by participants.

However, these terms were frequently used by donor agencies and development partners in their reports (ADB, 2002a, 2008c; UNDP, 2004; SPC, 2011). This analogy may explain why participants, who did not read the reports were not influenced by these terminologies.

As the term NPM was not commonly used in everyday conversation during the reform or thereafter, participants and key informants rarely made references to it. In addition, the term NPM was not used in any of the official reports or government literature in the Cook Islands. These were only used in academic writings, books, professional journals, and electronic articles found on the websites.

In sum, the study found there was no common understanding of a) NPM, b) what the reform entailed, c) what constituted the reforms, d) the origins, or e) why the reform was implemented the way it was. Only a few participants or key informants made references to the theoretical or the conceptual basis underpinning the reforms during the interviews and in the survey data. There appeared to be a mismatch between what people described in this research and the definitions of reforms coined by donor agencies and development partners.

To confuse the situation further, the term NPM was not used in any government or donor sponsored reports. The only inferences could be found in the academic literature. The difference in terms used to describe this phenomenon raised questions whether people were talking about the same thing? Perhaps, the ambiguity in defining what NPM is, explains why donor agencies and participants did not use the term 'NPM' in public sector reform literature, and in this study.

Type of Reform

The participants were of the view that the public sector reform was limited to streamlining much of the Executive Government structure. It also provided the administrative framework for the Judiciary but the Legislative arm of Government was untouched (see Figure 4). This situation was described by a key informant who said, "coming into Parliament and finding out that the Legislative Act of 1968-69 with minor amendments in 1992-93 was so outdated to the reality of today, I was quite shock".

Almost all participants wanted the Legislature to be reformed. They believed the legislation and the structures are outdated. Their argument was that the outdated legislation made it impossible to provide up to date information, set new policy directions or adequately provide policy advice to Parliament as "it is either redundant or irrelevant". It must be noted that except for the financial reporting requirement and a little part of personnel reorganisation, the rest of the Legislature remained under the old bureaucratic model administration (see Wettenhall, 1976).

There have been claims that the NPM model has become dominant, because it was promulgated by the Anglophone countries (Pollitt & Bouchraet, 2011), whereas models such as neo-Weberian state (NWS), networks (of independent stakeholders), and Governance (which New Public Governance (NPG) is one variant) have been advocated and practiced to some degree in other parts of the world. Thus, Pollitt and Bouchaert (2011) argued that NPM model is not-

> "the only kind of reform that is going on, (even in those countries that were NPM-intense like New Zealand and the UK, but specially in those countries that only borrowed from the NPM toolkit cautiously and selectively, like Finland, France and Japan" (p.15).

Some participants were pessimistic about New Zealand's reform model. They thought it was complex for a small island state such as the Cook Islands.

> "I think, we really need to look at the small island state model. I mean, the model doesn't fit. It's not a true fit". We are reliant on established models without actually amending them to suit our needs".(P20)

Schick (1998) also warned "why most developing countries should not try New Zealand's reforms" (p.1). A similar concern was raised by Kersey (1995) who described NPM reform in New Zealand in 1984 as an 'experiment', because it was a bold move (Boston et al., 1991; Duncan & Chapman, 2010). Eleven years later, the NPM system was introduced in the Cook Islands. Another idea that came out of the study was that since NPM emphasised an economy led by the private sector, the government should think and act strategically like what the private sector does. It was argued that, as the risk associated with investment in the outer islands is high, a different approach is required.

One participant indicated that the private sector would "not take the risk, unless there's diamond and gold, so the government should be the stimulator as seen on Aitutaki". The participant suggested that government should be the 'facilitator' as well as the 'driver' of development in the outer islands. He argued that the private sector was 'unable' or unwilling to invest, because of the high commercial risk involved. He emphasised the need for "government to go private" – meaning government should have direct input into development in the outer islands because there is no market in the outer islands, and only a limited market in Rarotonga (Duncan, Codippily, Duituturaga, & Bulatale, 2014).

The Public Private Partnership (PPP) model (Yescombe, 2007) was suggested by a participant, who would like "government to act and think like the private sector". Such partnership could: 1) reduce the commercial risk to the private sector to invest, and 2) enable the government to adequately service the outer islands.

Another participant suggested the government to provide incentives such as higher salaries or hardship allowances for outer islanders to return to their home islands to live and work there. At present the distribution of income is inequitable. One participant said, it's "simple. Some radical move has to be made". We may have to "relook, revisit the remuneration structure of Government" to encourage and to retain people in the outer islands. This shift in policy could ignite economic activities for the outer islands that may in turn retain the rapidly depleting population.

As pointed out in the literature review, reforms taking place in the selected OECD countries and the Commonwealth Caribbean Countries (CCC) are varied and distinct. For instance, the Japanese reform was internally driven and selective. It went as far as rearranging policy evaluation system (which it adopted from the USA) and decentralising the implementation functions of government (which it adopted from the UK). Japan's long history of its bureaucracy maintained much of its traditions such as *amakudari* and *gokusei shido.* Civil servants are groomed at universities and in the public service to network and then retire into the private sector to solicit government contracts for their former firms or organisations. This practice is unthinkable in New Zealand, Denmark, and other Western democracies.

The Westminster Parliamentary government system has clear demarcation between 'public interest' and 'private interest', and the two should not be mixed. Viewing this from another angle while considering cultural differences, Mason (2003) states: "European commercial system operates on the basis that the transaction is finished once executed" (p.194) and the relationship is precise. On the contrary, the Cook Islands corporate culture –

> "is more akin to the Japanese than the Europeans where the initial establishment is mutual trust . . . there is the expectation that the relationship between business partners will be based on reciprocal support, as well as immediate financial reward" (Mason, 2003, p. 194).

From these perspectives, the type of reform that took place in the Cook Islands was 'Anglophone' with a strong New Zealand flavour. This reform, not surprisingly, gave little or no consideration to the extended family ties (chapter 2) and the networks (Crocombe, 1990) that exist. This argument was supported by a participant who said, "I think we should incorporate it. They shouldn't be fitting into us".

In contrast to the Cook Islands reform, the Danish reform was 'incremental' and dated back to the 1960s (Dimeski, 2011). Denmark's strong corporate culture and a Parliamentary system that allows for minority governments drastic reforms, like the New Zealand or the Cook Islands reforms, were not possible (Farzana Naz, 2003). However, it was able to achieve the following results: 1) short term contracts for senior

executives, 2) better incentives for top civil servants, 3) an egalitarian pay structure for lower level civil service, 4) the devolution of powers to municipal authorities, and 5) the privatisation of government assets and downsizing of the public service. Despite strong union-based corporate culture and a moderate Parliamentary system, Denmark was able to merge parts of NPM principles into its corporatist culture (Gregory & Christensen, 2004). In its current state, Denmark is unlikely to seek new reforms. It however, consolidates its position by emphasising better coordination within the civil service "and more collaboration with civil society" (Christensen, 2005, p.737).

In summary, the type of reform in the Cook Islands resembled the New Zealand model, but tailored in some respect to the Cook Islands situation. The reform was driven by external advisors and implemented by government agencies. Elements of NPM have been found in the system, which included devolution of powers and functions (from public choice theory), executive authority (from managerialism), contracting out and privatisation (from transaction cost economics) and the separation of policy–making from implementation (comparable to Denmark and New Zealand models).

There was an improvement in transparency and accountability brought about by 'good governance' principles. At the same time, there were inconsistencies in policies, disparity in employment awards, and corruption in the tender process. At the time of the study, some government functions that were devolved in the past have been taken back by central agencies as a result of fragmentation in the system.

NPM Outcomes – The positives and negatives of reforms

Positive Outcomes

Reports indicated that after the reforms, there were signs of rapid recovery and eventual growth in the Cook Islands economy. These positive developments were the direct results of the ERP that had been successfully implemented. An ADB (2008c) review report showed that out of the 124 ERP planned for the Cook Islands 80% was completed. Other donor reports and Government economic indicators showed steady growth in GDP averaging between 2 - 4% per annum between 2005 -2008 period (CISO, 2010). There have been steady increases in tax revenue intake, rises in average

income, rapid increases in turnover by industries, and an upsurge in GDP per capita (CISO, 2008). For instance, document analysis showed, gross turnover by industry was $543 million in 2008 as compared to $219.7 million recorded in 1995 (Table 7.1). That was an increase of $323.3 million (59.54%) at current price in 13 years. There was also an increase in GDP of 50.81% ($147 million) from 1995 ($142.3 million) to $289.3 million in 2008.

In 1997, the Cook Islands scored B-/Stable/C rating by Standard & Poors, an international credit rating agency.

This rating was raised to BB-/Positive B on 1 October 2007, pointing to an improved credit rating position (Standard & Poors, 2008). In the 2011-12 budget, borrowing to GDP ratio was 18% (CISO, 2012).

The Cook Islands has kept its borrowing below the 35% of GDP threshold set by ADB since 1996 (ADB, 2002a). The limit to borrowing was a condition that was established at the time of the reform as part of the prudent financial management system.

The majority of the participants agreed that there was improvement in service delivery and the Cook Islands economy was growing. The population generally has a high standard of living. However, as noted, much of this improvement have occurred in Rarotonga. The imbalance in development, the wide disparity in income level, and the high cost of living was also confirmed by a number of donor sponsored reports (ADB, 2008; Knapman & Saldanha, 1999). In this regard, one participant said –

> "the gap between higher to middle income earners and low income earners is getting wider and wider. What makes it more difficult is the high cost of living. And the worst affected are the outer islands".

Overall, public servants were happier under the new regime as explained by one participant "the result I got from the changes was that I was proactive. We're much more proactive now and we're able to get the results". This sentiment was supported by another participant who said, "I actually like the way it's been run under the HOMs. I prefer it that way".

There have been improved economic conditions for businesses to grow as a result of the deregulation and a robust taxation regime that was established. Customs duties and tariffs on most items have been removed. Under the 1996-97 Tax Act, there was a shift from progressive taxation to a three-tier tax system. The value added tax (VAT) was also introduced replacing the turnover tax (TOT) regime.

The taxation reforms reduced double taxation on commodities, reduced tax liabilities, shifted consumer demands to people making their choices, and encouraged savings (ADB, 2008c).

Dual outcomes

Migration and Remittance

For small island states outmigration is often cited as a constraint to development. For the Cook Islands, outmigration is a curse and a blessing. It is a curse, as skilled people leave the country and, as a result, the capacity to develop and sustain the economy reduces. As pointed out by Alexeyeff (2008, p. 4), ADB was surprised to learn that the promoted economic reform package–

> failed to anticipate the emigration of a large part of the Cook Islands population to such an extent that the very viability of the remote and very small outer islands has been seriously compromised (ADB, 2002, p.16).

The continuing outward migration threatens the very existence and the sustainability of these islands (ADB, 2008c). It is also a blessing, because Cook Islanders are exposed to the large New Zealand and Australian labour markets, where they can earn higher incomes for themselves and their families, some of which are remitted back to the islands (Brown et al., 2011).

One participant gave an explanation as to why Cook Islanders migrate: "they go to places like Australia, New Zealand, Europe and England where the rewards are greater". The participant added: "they (Cook Islanders) want their efforts to be recognised and rewarded". The exposure of migrants to these large labour markets may explain the reason for the high standard of living enjoyed by the people of Cook

Islands as compared to many of the neighbouring Pacific Island countries (UNDP, 2004; Bertram, 2003).

Although some writers argued that remittances to the Cook Islands were not significant (Crocombe, 2008), recent Australian survey studies conducted on the diaspora peoples of Samoa, Tonga, and the Cook Islands suggested similar behaviours among respondents. As such, it was suggested that similar rate of remittances may have been transferred back to the Cook Islands as Samoans and Tongan migrants did, but the transactions did not appear in government accounts (Brown, et al., 2011).

This issue requires further investigation to ascertain the amount of remittance sent to the Cook Islands, who are the recipients, levels of remittance by country of origin, how remittances are spent, and whether this source of income would be available to government to tax. The present large gaps in economic data suggests that up to 60% of domestic income may have been derived from remittances (Brown, et al., 2011).

This large disparity in the government accounts has poorly informed government of vital economic data on private investments, sources of income for taxation purposes, the actual rate of poverty gap and government's shortfall in service delivery.

Income Distribution, Inequality and Poverty

From the six countries assessed by ADB in 2009, the Cook Islands reform showed mixed results – some positive and some negative. One of the problems identified in that study was the imbalance in income distribution, which impacted on the level of income earned and public spending on services in the outer islands. The imbalance had an adverse effect on families living in the outer islands. "I call it poverty because there are families that have no job", said one participant. This revelation was consistent with statistical data, which showed unemployment rate stood at 8.9% in 2006 and 8.2% in 2010. The unemployment rates were high despite an increase in net outmigration of 90 people each month in recent years (CISO, 2006a, 2006b; 2006c, 2010).

The level of outward migration was expected to reduce the unemployment rate (as people moved away to find jobs overseas. However, the unemployment rate has

remained constant. The absence of data on the nature of migrants made it impossible for government to adequately assess the situation.

Reports have shown some downside of NPM reform in terms of what Kelsey (1995) described as "social deficits" (p. 271). There have been an increase in out-migration, an upsurge in the crime rate, the disparity in income level and an imbalance in income distribution and wealth, and an increased poverty level (Wright-Koteka & Wichman, 2010). For instance, the 2009 Millennium Development Goal (MDG) report showed 28.4% of the resident population lived under the national poverty line, while 15% had no income (Koteka & Wichman, 2010).

A number of evaluation reports showed 40% of the public service workforce lost their jobs at the time of the reform (ADB, 2002a; Knapman & Saldanha, 1999; Wright-Koteka & Wichman, 2010). Table 1 of the MDG report (p.12) showed widespread disparity in income distribution between the regions and by gender. For instance, in 2006 less than 5% of the population earned over $40,000 per annum.

This was in comparison to 21% of the population who earned less than $5,000 a year. This disparity was in comparison to the average national income recorded by ADB in 2012 at $25,348 per annum (Reeves, 2012a). Twenty seven percent (27%) of the population who had no income were from the northern group islands, whereas 20% were from the southern group islands, and 12% were from Rarotonga (Wright-Koteka & Wichman, 2010). Real wages remained suppressed since the reform as the debate for the cost of living adjustment (COLA) continued in 2006 and 2012 without a solution. An ADB (2009) evaluation report showed 80% of the 124 ERP measures were completed. Despite these efforts "improved living standards have yet to materialise" (Wichman, 2008, p. 13).

In sum, there was an overall improvement in the Cook Islands economy, but a few benefited. An imbalance in development combined with unemployment, suppressed wages, the high cost of living, an inequitable distribution of income, and a high poverty level were said to be factors influencing outward migration. The uneven distribution of the population in the three regions correlated with statistical data which showed an

imbalance in the level of income earned, rate of poverty, unemployment rate, and outward migration trends (see Demmke, 2011).

Negative outcomes

Public Service Numbers and Cost

The reduction in the number of public servants was thought to be necessary to reduce the cost of running government operations. This study found that the cost of maintaining the public service had drastically increased from the 1995 figure (ADB, 2008a).

For instance, an ADB report released to the media on 11 February, 2012 showed that the salary of public servants that was $33.9 million in 1996, escalated to $44 million in 2012. Accordingly, "all Cabinet Ministers agreed that performance had not improved" (Reeves, 2012a, p. 7). Average salaries per annum also went up from $10,992 in 1996 to $25,348 in 2012.

The report indicated the cost included the cost of maintaining the 24 MPs, who awarded themselves pay increases in 2007.

As explained by a participant: "we don't need 24 MPs to govern 14,000 people". He said: "we [also] have an expensive public service". As seen in Table 2, there were 1,738 (2011) civil servants (and 24 MPs) costing the country $44 million in 2012.

That figure was $10.1 million more than the 3,002 civil servants (plus 25 MPs, including the overseas seat MP) costing $33.9 million in 1996 (Reeves, 2012a). Although participants saw the NPM system as complex and costly to maintain, almost all shared the view that "the reform was a good thing", as government has been more open to civil society, it was more transparent and is accountable to taxpayers, and there was efficiency in service delivery. However, it was noted that due to the geographical spread and the reduced number of people in the outer islands, service delivery was less efficient than in Rarotonga and Aitutaki (ADB, 2008c).

High Cost of Living

Over 80% of goods are imported and consumed on Rarotonga; therefore, it was appropriate that the price of a market basket of goods selected and measured are based on Rarotonga prices (CISO, 2008). The national inflation rate measured in 2008 was 7.8%, but the price of goods in the outer islands have not been measured (conversation with a senior statistician).

This situation raised problems for the outer islands, because donor agencies, government planners and policy-makers rely heavily on statistics to make informed decisions. And so, without knowing the 'true' cost of living in the outer islands, the hardships of outer islanders could not be adequately measured and attended to.

One participant gave an example of the price of a whole chicken that "cost about $13 on Rarotonga", whereas its price on the outer islands was $25. Based on this example of goods sold in the outer islands would be about twice as expensive as goods sold on Rarotonga. Given the official inflation rate was measured at 7.8% in 2008, the inflation rate that year in the outer islands would have been equivalent to 14-15% or on the average, it would have been 11.15% per annum. These costs could have been reduced by the availability of alternative food sources in the outer islands such as fish, taro and coconuts.

From this estimate, it can be safely argued that the 'true' cost of living in the outer islands could be twice as expensive as the cost of living on Rarotonga. This can be a factor which correlates with the distribution and the movement of the Cook Islands population (Demmke, 2011). That is, people relocate to where it is convenient, cheaper and comfortable to live, work and use the facilities that have been provided.

Market Forces or Political Force

Since the reform, the average wage rate has increased, but the increase shifted to a small proportion of the population, suggesting a growing elite class while the general level of low income earners remained suppressed. The imbalance follows one of the principles of NPM reform, where there is an assumption that the market will determine the level of wages; therefore, governments must 'resist demands by unions'

(Hood, 1991). Since the labour market in the Cook Islands was small, the price of labour was not determined by the market (as suggested by Hood), but rather by political power. An example was when MPs suspended the Higher Salaries Commission in 2007 and awarded themselves a pay rise. People were shocked, because the country was just coming out of a serious financial crisis a few years ago, partly due to the high level of salary expenditure (ADB, 2002).

This event attracted New Zealand media. Radio New Zealand International quoted in its headlines: "Cooks MPs give themselves big pay rise". The report quoted a jump of approximately 27.78% for ordinary MPs from US$26,000 (NZ$39,000) to US$36,000 (NZ$54,000) and approximately 29.11% rise for the Prime Minister (PM) from US$56,000 (NZ$84,000) to US$79, 000 (NZ$118,500) per annum.

When queried by the media about such huge increased, the spokesperson for political reform said -

> We knew that this was happening and that's why we question, is there a need for them (the MPs) to have a pay increase? (Ponga, 2007, p. 1).

There may be no need, but the MPs felt it necessary to increase their salaries. At the time of the public sector reform there have been arguments that all salaries and benefits of MPs and public servants should be determined by market forces, using the private sector as a comparison gauge.

However, the private sector was either too small or underdeveloped to set the benchmark for the market to determine salaries, wages and employment benefits. Thus, it was not the market that determines the cost of labour, but rather the use of political power to award 'favoured' persons. As a result civil service salaries and low income earners' wages did not inrease, and there was failure to award the cost of living adjustment (COLA) to employees since the reform. As inflation rate (7.8%) soared (see CISO, 2008), real wages declined.

Challenges

Separation of political powers from administrative powers

As suggested by Osborne and Gaebler (1992) about the separation of powers between decision-making and implementation; one participant argued that there should be a divide between those vested with political powers under the Constitution, and those appointed to oversee the implementation of government policies.

> Minister's job is to deal with regulations, with legislations; deciding what's good for the nation. Their job is to look at the legislation, make policies, see how we are going to improve our country, what's the way forward for education, health and let the HOMs run their Ministries.

The participant suggested that, in this way there would be less interference and public programs and projects could be implemented more effectively. However, balancing this divide has been a challenge for civil servants and ministers since the reform.

This is because MPs want to know if their voters received services as intended by Parliament (Pollitt & Bouchaert, 2011; Boston, et al., 1996). They wanted to get involved.

Complex Systems, Capacity Building and Stakeholder Needs

The NPM system emphasis output-result oriented public service, which has advantages as well as disadvantages. One advantage was the adoption of accrued-based output budgeting and accrued accounting.

These two methods of accounting provided provisions for future costs spread over future years to give a 'true and fair' view of the financial position of the country. This measure assisted the government with better planning tools which in turn redirected government's focus on its priorities.

It took into account the actual cost of replacing government assets and establishing future liabilities in the statement of financial position. However, one of its constraints was the capacity of locals to operate and maintain the accounting system (ADB,

2008b). Evidence from this study showed there was "lack of skilled accounting technicians" to operate the system.

As showed in the 2004 Government Review (see Chapter 7), the delay in finalising financial statements deprived civil society of effectively scrutinise government's performance. Secondly, the complexity of the NPM system challenges public sector managers and policy-makers to read and understand the (commercial type) financial reports to make informed decisions. Some general training given to public sector employees were undertaken between 2006 and 2012, but specialised training in leadership, personnel management, and financial management needed to be considered in the long term to build capacity.

As pointed out by Okotai, (n.d), despite continued outmigration government and aid donors pour millions of dollars into infrastructure (instead of building capacity), which eventually diverted to "foreign companies and contractors whilst Cook Islanders continue to vacate the country" (p.6).

Okotai (n.d.) further stressed that, before long -

> the Cook Islands will be a place with great roads, water and infrastructure for New Zealanders and Australians (and their Fijian and Filipino workforce), to enjoy the future (p. 6).

Many participants believed the loss of skilled people would continue and overseas Cook Islanders would return. Nevertheless, the government is urged to ensure it would be a two-way process rather than one.

Some suggested a change in policy to sustain the existing population in the outer islands by providing a more balanced development and improve people's quality of life. Participants would like government to be the 'facilitator' and the 'driver' as opposed to the NPM central philosophy of government to be 'hollowed out' (Ostrom, 1971) and driven by the 'invisible' hand of the market (Adam Smith, 1776). First, there was no market in the outer islands. Secondly, such an approach would create economic opportunities and economic activities that would create employment for residents to work and live on their home islands.

One argument was that in the last five years government has subsidised weekly Air New Zealand flights from Sydney-Rarotonga-Los Angeles at $13 million a year, as these routes were unsustainable. However, it was reluctant to subsidise services for its people in the outer islands.

Participants suggested policy changes be made to include payment of hardship allowances and subsidies to cover the cost of transportation of goods and services to and from the outer islands. Such an approach would halt outmigration and build capacity, participants argued.

Fragmentation in the System

Besides the positive development that took place after the reform, there have been differences in operation standards, procedures, processes, and pay rates as a result of devolution. Between 2006 and 2012 evidence showed disparities in awards, inconsistencies in policies, and variations in administrative systems and processes.

The fragmentation stemmed from the concept of 'differential' governance as coined by NPM advocates in the 70's (Ostrom & Ostrom, 1971). One participant said: "we trialled devolution but it did not work". One central theme of public choice theory was to reduce the role of the state, curb discretionary powers of politicians, reduce state-owned monopolies, reduce the functions of government agencies and give more "freedom of choice to individuals" (Boston, et al., 1991, p.2). But one participant was of the opinion that, in the Cook Islands -

> We talked about empowering and decentralising through the (PSC) manual but you can go as far as this. While the principles are wide, the parameters have been closed in.

On the one hand, managerialism is concerned with objectives and results and the use of discretionary powers to manage. To achieve these aims there is a need for strong top-down managerial approach to control and reallocate economic resources to maximise outcomes. The differences in opinion resonated with the theoretical tensions that exist between public choice theory (devolution) and managerialism (central control); two of the main theory and concept of NPM (Boston, et al., 1996).

NPM derives its theories from organisational economics and business administration. Its main focus is to use the market to drive the economy. Privatisation, corporatisation, contracting out, and the reduction of state influence emerged from the belief that the market drives development rather than the state. Based on these assumptions, the outer islands may have become a liability as return on investment (taxpayer's funds) would have been negative. Thus, much of the development was on Rarotonga and Aitutaki as return on investment was higher (BPS, 2008-9). This may explain the disparities between Rarotonga, Aitutaki and the other outer islands.

Political Patronage and Family Obligations

The second challenge was the issue of "political patronage" (Wichman, 2008, p. 13). In small-island communities where there are extended family ties and close connections with those wielding political power, there is likely to be nepotism. "I don't like this word (nepotism)", said one participant.

"Perhaps, it's a Pacific way or the Cook Islands way. You help me, I help you". The literature suggested that 'reciprocity' and 'family obligations' play a big part in Pacific Island people's lives (Taufe'ulungaki, 2000).

It has been noted that there is a conflict between what is family obligation to another, and what is a public interest, when 'the public interest is the same as the extended family interest'. In small island communities where there is proximity to people wielding political power who have extended families, it becomes obvious.

The divide between the public interest and personal interest thus, becomes blurred, as the two are inseparable.

As noted by a Cook Islands leader, "I've been accused of nepotism, but I am related to everyone in the Cook Islands so how can I avoid it?" (Ingram, 1992, p. 156). One participant said, "The Cook Islands is only a small place. Everyone knows everyone else and most people are related, so there is bound to be favouritism". Ingram suggested that nepotism "was unheard of previously because traditional leaders were expected to favour their closest relatives in the distribution of power and resources" (p. 156).

The concept of reciprocity and obligations to relatives and the community is embedded in the cultural traditions of the Cook Islands (Crocombe & Crocombe, 2003). This means, there have to be mechanisms put in place to continually monitor public service numbers and expenditure to avoid the calamities of the 1990s. Secondly, there have to be specific provisions in the law to prevent corrupt practices. However, Ingram (1992) also warns that moving to "a more equitable sense of fairness [this] could also lead to the further weakening of the extended family system" (p.156). Thus, finding the balance between the 'Cook Islands way' and the way to live under a modern government system is a challenge.

Political Appointments

The findings agreed with Crocombe (1987) and ADB (2008c) that there was political influence in the appointment of HOMs and CEOs in the past and at the time of the study.

The politicisation of civil service was found in a number of donor-funded reports as well as criticisms labelled at politicians by political reform lobbyists, but very little has been done to divert this trend (Jonassen, 2003; Wichman, 2012).

According to an ADB report -

> The politicisation of the civil service and public expenditure was generally at the heart of the 1990s crisis, yet the political reform agenda established to address the problems remains incomplete (ADB, 2008c p. 155).

The Cook Islands public service has been designed at the time of the reform to separate political responsibility from civil service responsibility.

Controls were put in place to select the best candidates for the Executive positions, but the politicisation of top level executive appointments continued.

One solution is to establish an independent select committee made up of members of civil society, the business community and government officers to remove the incidents of Ministerial interference. From the Cook Islands experience, this was tried at the

beginning of the reform years (1997-1999), but with little success (Transparency International, 2004). On the one hand, political appointments continued because Ministers wanted to be comfortable with whom they would work. One participant (P18) pointed out that -

> Selection of employment is by personal support. This issue will never change . . . Never mind if you know the job! Like our one. He's a man of 70 years and he's the Island Secretary for four years, as of today.

The limited pool of executive personnel (HOMs & CEOs) in the country coupled with a lack of training for these officers placed a considerable burden on Ministers to make the right choices. In such a situation, there is a need to strike a balance between 'favoured persons 'and 'qualified persons' for top level government jobs.

This study showed HOMs and CEOs served both the interest of the public, while driving community projects and programmes in the electorates as determined by ministers.

Unlike New Zealand where there is a clear demarcation between policy advice and policy implementation, top-level administrators in the Cook Islands have been placed in a conflicted position. First, they were expected to provide advice to ministers as well as implementing government policies. Secondly, HOMs and CEO's were expected to deliver specific outputs as required by law, while ministers also expected them to serve the interest of their constituencies as well as multiple national interests.

As there was no capacity in ministerial offices to provide policy advice, HOMs took on these responsibilities. Thus, HOMs and CEO's in the Cook Islands have multiple tasks as compared to their New Zealand counterparts. Negotiating between these multiple tasks has been challenging for many HOMs and CEOs in the Cook Islands.

Outer Islands Review

The lack of input into outer island development in terms of legislative changes, structural adjustments, and physical development have drawn criticism from participants and key informants. In the past, government was subsidising employment in these islands, because the islands were too small, scattered, and isolated from the

main markets to induce large scale development from which jobs could be created to sustain the population (ADB, 2002a). The Government also subsidised outer island scheduled flights and inter-island shipping, so everyone knew when goods, services, and government officials would arrive.

Prior to the reform, government intervention in developing the small and isolated communities in the Cook Islands was, to some extent, successful. The success came about because of government's intervention that enabled the islands to sustain their population (ADB, 1995). Over 60% of the workforce in the Cook Islands was in the public sector (Table 2).

The ratio was much higher in the outer islands at 75%, where government's contribution was substantial (ADB, 1995; Wichman, 2008). As seen in the 1995 data, the outer island population was 7,274 but by December 2008, the population had shrunk to 5,416 (CISO, 2008).

As discussed earlier, the reasons for outward migration was said to be because of limited access to land (the prevailing land tenure system), no capacity to create consumer demand, small size of the market, being isolated from the main market routes in terms of the country's geographical position, main airlines and shipping routes. There was also a lack of job opportunities, very little capacity, and no capability to manage, train, and sustain the NPM system. This situation was compounded by an imbalance in the development and an inequitable income distribution between urban Rarotonga and rural outer islands.

As pointed out by one participant, "I believe that the distribution of wealth was balanced" in the past. He was disappointed with the reform, which created hardship and inequality in the islands; "we should go back to the old days, do things like we did before", argued the participant.

The rationale was that the government could intervene in these small island communities where there is no market. In this way, it could help stimulate economic growth that may in turn create jobs and opportunities as a solution to retaining its population in the outer islands. On the other hand, there was the argument that this type of administration, (now called the welfare state by donor partners), would be

impossible to maintain in the long run (Brady, Beckfield, & Martin, 2005). Donor agencies have suggested that to retain Cook Islands culture and identity, economic development should take precedent (ADB, 2008c).

As seen in Chapter 2, these constraints have been lessened by governments input in subsidising weekly direct flights from Sydney and Los Angeles, and the two shipping agencies servicing Rarotonga and the outer islands on demand.

Internet usage has recently been widespread in the outer islands which reduce their vulnerability considerably (see Chapter 2), this did not hinder outward migration. Although these facilities may have reduced the effect of isolation, it does not ensure food security. Alexeyeff (2008) provided one aspect - that Pukapuka males migrate from the Cook Islands was a way of improving their status in a stratified society.

The reasons for migration could have applied to people in the other islands who choose to migrate for this reason. Other scholars suggested that outmigration was because people were unhappy on their islands (Demmke, 2011).

Crocombe and Jonassen (2004) alluded that Cook Islanders migrate because they don't trust their politicians whereas Wichman (2008) suggested that Cook Islanders who left after the reform were unable to secure jobs in the Cook Islands and looked elsewhere for opportunities.

Other reasons were also given. For example, the free access to New Zealand and Australia, the support of the diaspora Cook Islands community overseas, (mainly in New Zealand and Australia as safety nets), the hardships experienced in the outer islands, an imbalance in development and inequitable income distribution, lack of economic opportunities (small market) and the land tenure system which disadvantaged outer islanders who find work in Rarotonga are contributing factors to outward migration. Although the views have been taken from different perspectives, they all pointed to the complexity that surrounds outward migration and no one solution could resolve this issue. On the other hand, statistical data also showed people have returned but at a reduced rate than those leaving. Thus, government was urged to ensure migration is a two-way process, and not one.

Critical Review of the Cook Islands Reforms

(Job losses, Opportunities and Emigration)

In small island states such as the Cook Islands the labour market is small, families rely on government employment, welfare benefits and remittances as sources of income (Bertram & Walters, 1984).

While the Cook Islands Government was keen on restructuring its functions to provide better services to its people, inevitably the reforms meant people lose jobs. One of the assumptions of the reforms was that people will wait for the reform to bring the economy back to normalcy and in turn this will create new jobs and opportunities.

This assumption did not hold true, despite the great successes that resulted in the reform, Cook Islanders continue to migrate overseas. An Asian Development Bank report in 2002 found that despite the gains received from the reforms Cook Islanders continue to leave the country in large numbers (Alexeyeff, 2009).

Recent migration estimates showed a net loss of 90 people leaving the country every month (CISO, 2012). There are also other factors influencing outward migration, but one that stood out amongst the rest was the 'free associated' state status with New Zealand (Hayes, 2010). This special relationship enables Cook Islanders to search for better opportunities for themselves and their families when opportunities are not available at home. Secondly, there was already a large diaspora Cook Island communities in New Zealand and Australia (Statistics New Zealand, 2007).

Thirdly, there exists a strong extended family networks that connect Cook Islanders elsewhere overseas - beyond their small island communities (Crocombe, 1990). This cultural tendency combined with the 'free access' status, sets the foundation for Cook Islanders to move to and from overseas, knowing they have a place to go to - that was their safety insurance. Fourthly, there is a cultural divide in philosophy and ideology. The NPM ideology stemmed from Western philosophy of 'individual liberty', whereas the Polynesian ideology of living is based on the 'family unit', inclusive of the extended families and networks (Karora, et al., 2007). It is more akin to the Japanese corporate culture (Mason, 2003). In the Pacific Worldview an individual's liberty derives from the

success of the family unit and the wellbeing of the community. This was explained by Mason (2003) as:

> The Polynesian values of giving and sharing [is] in contrast to the European respect for self-interested success. One culture extols the virtues of giving while the other sees nothing wrong with taking as long as it is within the rules (p. 192).

The NPM ideology advocates competition, private ownership, greater return on investment, and the devolution of powers to where policy is implemented, which is in contrast to the Cook Islands (Polynesian) culture of collectivism, hierarchical decision-making processes, and giving and sharing.

The two ideologies are the antitheses of the other. As a collective family-based society the Cook Islands' (as found in many Pacific Island communities) socio-economic and political systems are all intertwined. Thus, government employment was not only a source of family income, it was also a means of personal dignity and family preservation in a hierarchical society.

Obligations to extended family members, the church, community (projects), politics, and so on are all connected and could not be separated. By the restructuring of government functions which resulted in job losses (but no alternative was provided), the reform had a direct impact of dismantling the family units and forcing the population to migrate – to look for alternative means to support their families (also Alexeyeff, 2008).

The families used the 'free access' route to New Zealand, the extended family networks, the safety insurance of extended family sanctuary overseas, and the cultural 'obligations' of 'reciprocity' as a conduit to relocate overseas.

Statistical data showed out-migration of families continued to this day (CISO, 2010), perhaps because of the presence of these elements in the system that was not fully understood, studied, or taken account of at the time of the reform. Perhaps the people of the Cook Islands saw the NPM reform and the positive outcomes as 'not for them'.

Demmke (2011) suggested that the demographic indicators showed the abled workforce from the outer islands that left their home islands, was because they were unhappy. However, studies have not been carried out to determine the reasons for their unhappiness, and their eventual departure. There is also evidence of salary disparity (between HOMs, Politicians, and the working class had widened), extreme competition for jobs (only qualified and highly skilled people are needed to operate the NPM system). There was widening poverty gap (28.4%) between the rich and the poor (Wright-Koteka & Wichman, 2010) and the general mistrust of politicians (Crocombe & Crocombe, 1997), which could be reasons besides others that made Cook Islanders leave their home islands (see also Wright-Koteka, 2006). Nevertheless, migration is not all negative. It is one of the means that supports the family network, where the market is too small to accommodate the growing population.

Migration helped eased social and political tension; a participant called it "a safety valve". Cook Islanders who found jobs overseas provide financial support for their families in the in the islands (Bertram & Walters, 1984). Brown, et al., (2011) suggest that large amount of remittances may have been transmitted back to the Cook Islands, but these were not appropriately recorded in government accounts.

In the absence of records for remittences to the Cook Islands, little is known of the amounts, source and purpose of the transfer. However, one thing is certain the remittances support the majority of dependent children and the elderly living in the Cook Islands.

Unforeseen Outcomes

Migration Trends

The demographic picture highlights: the youthful nature of the population for which services must be provided; the depopulation of the outer islands and the extensive migration rate. Between 1997 and 1998 (the ERP period) there was a net loss of 2,600 people. As recently as September 2010, the Statistical Quarter Bulletin (SQB) report showed a population figure of 11, 400; the lowest population recorded since 1936 (CISO, 2010, Table1.1).

Estimates are that the Cook Islands population residing outside the country was 78,000, mainly in New Zealand, Australia and the United States (New Zealand Ministry of Foreign Affairs & Trade Aid Programme, 2010/2011). For example, in 2006 the New Zealand's population census recorded 58,011 people of Cook Islands descent living in New Zealand (Statistics New Zealand (SNZ) , 2007). Table 1 provides the latest available statistical data for the Cook Islands from 2006-2012 (being the period of this study).

In a 2010 report to the New Zealand House of Representative (NZHR) commissioned by the New Zealand government to review the 'special relationships' that exist between New Zealand and the Pacific states of Cook Islands, Niue and Tokelau, specific recommendations for the Cook Islands was to:

> . . . work to improve the standard of health, education, policing, and justice services to communities encompassed by the Realm of New Zealand, with a view to improving such services to citizens living in the Pacific to the standard of those enjoyed by comparably-sized communities in New Zealand, 2). facilitate exchanges in personnel, 3). discuss with Governments of the Cook Islands the scope for progressively raising public sector pay rates to a level comparable with those in New Zealand (Hayes, 2010, p. 75).

The report's view was that "the experiment of the past 40 years has not worked to the benefit of the communities in the Cook Islands. . . and a new direction, drawing on the experiences of the past should be a matter of the highest priority" (p. 76).

But the report did not say how these changes could be made, except for a few suggestions on how the Cook Islands population was to be sustained in the outer islands.

Government Monopolies and Private Sector Oligopoly

Although there have been efforts to develop the private sector, the scale of the economy combined with the absence of commercial and consumer protection laws saw the emergence of government monopolies and private sector oligopolies. Government's privatisation policy (driven by donor and development partners) has shifted 'public interest' to 'self-interest' individuals (Mason, 2003b). Mason (2003)

described the reforms as changing the landscape of business interest from government (public interest) to "a few, (sometimes referred to as) 'The Cartel' who dominate major businesses in Rarotonga" (p. 102). Except for banks, government monopolies had emerged in energy and telecommunication whereas, the Cook Islands Development Bank and Post Office Bank were merged. Tourism Authority, Ports Authority, Development Investment Board, Airport Authority and State Owned Enterprise (SOE) were corporatised. This was because private investors were unwilling or did not have the capital to invest. As a result, an oligopoly has emerged in areas of shipping, air services, retail and bulk supplies, and civil contractors. The Cartel also controls government's social and economic policies through directorships in strategic government agencies as seen in Figure 11. The group could redirect strategic national resources through policy shifts for their own gains. Conflict of interest situation does exist, but often downplayed because everyone knows each other. From this perspective, besides imported inflation, the high cost of living in the Cook Islands are partly contributed by 'price fixing' set by the Cartel in the market.

Through their network the Cartel controls the types of goods consumers can buy and the prices consumers should pay. The "Cartel" (Mason, 2003b) had the effect of strangling small to medium indigenous businesses through their oligopolistic networks (Figure 11) and price competition wars. The venture would eventually force local businesses out of the market, and prevent new ones from emerging. Mason (2003) notes that the composition of those successful are European residents and a handful of what she terms 'Europeanised' Cook Islanders whereas most Cook Islands population still live in semi-subsistence life. Mason puts this down to cultural differences. She asserts, "one culture extols the virtues of 'giving' and 'sharing' while the other sees nothing wrong with taking as long as it is done within the rules" (Mason, 2003, p. 102). Figure 11 illustrated the networking of the oligopoly.
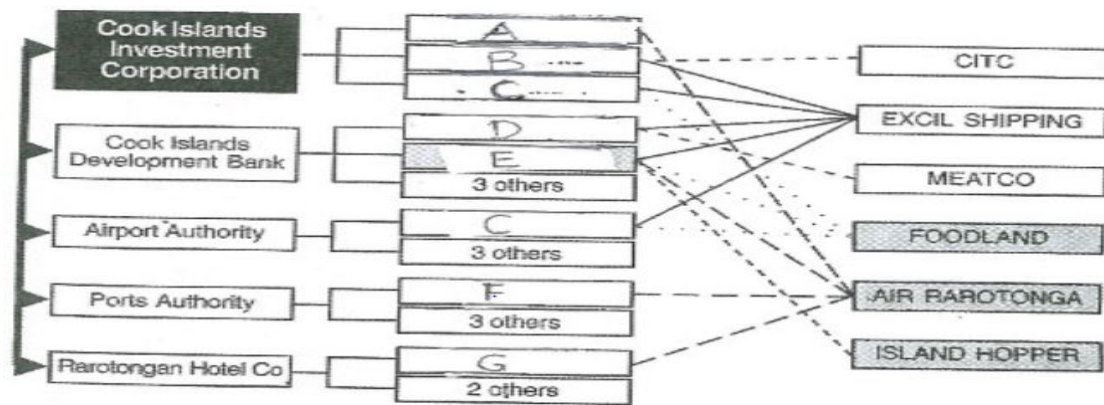
Figure 11. The Oligopoly Chart

Source: Adopted from Mason (2003, p. 194).

Tensions in NPM (Theories & Practices)

The third point is that manageralism and public choice theory - the basis from which NPM is embedded were in conflict when these theories were applied in real situations. Managerialism takes advantage of an individual's intuition of 'self-interest' to drive an organisation including public sector organisations (Funnell & Cooper, 1998b; Politt, 2003). It is this utility; the *homo economicus* person, characterised by self-interest that drives managerialism (Buchanan, 1984; 1986; Buchanan & Tullock, 1962).

Managerialism encourages centralisation of powers from the top-down, and managers are given discretionary powers to manage and to reallocate resources at their disposal to maximise returns on investments (surpluses). Public choice theory on the other hand advocates the devolution of power, and responsibilities of the state are brought down to where policies are implemented. Moreover, managerialism effectively removed the process of collective decision-making and entrusting responsibilities to individuals, (in the case of the Cook Islands), the Heads of Ministries (HOMs), and CEOs of Government Agencies through short term contracts.

Managerialism focuses on efficiency that will result in higher yield, whereas the aim of Public Choice theory was to reduce the role of the state, curb discretionary powers to politicians, reduced state monopolies and to give more "freedom of choice to individuals" (Boston, et al., 1991). Moreover, by entrusting powers to selected

individuals (HOMs) with limited control could lead to abuse of power and corruption (Manins, 2011). Public choice theory on the other hand promulgates structural pragmatism, free market environment, and the multiplicity of the mode of goods and services delivery (Boston, et al., 1991; 1996).

As a result of this theoretical tension, conflict often arises between managers (HOMs & CEOs) who wanted autonomy and control over resources while central agencies, who were more concern with costs and consistency so they wanted to centralise some of the functions to prevent fragmentation in the system. The theoretical tensions, when applied in practice, as seen in the Cook Islands, is a real challenge to public sector reforms.

It is a question of how far down and how wide powers should be devolved, and how much power should be retained by the central government to ensure the parts and the components of government functions effectively and efficiently. These challenges need careful analysis to identify strengths and weaknesses in the NPM system to redirect government's on-going reform initiatives.

The Incomplete Structural Adjustment

As seen in the literature, very little consideration was given to scope and align the NPM system with other sectors such as the island governments' structure, the traditional family-based Ariki system and non-government organisations in a holistic manner. Although some say, the reform was made in a hurry because of the economic crisis, the incomplete business of the reform provided opportunity for conflict to arise. One example was in regards to the devolution of powers to the outer islands that created tensions between Mayors, PMs and the Island Secretaries.

In terms of economy of scale and lack of human capacity in the outer islands, it would be have been appropriate if certain functions (such as finance and personnel) could be centralised, while changes could be made to restructure some functions and proportionately reallocate budget to improve service delivery in the outer islands. This was pointed out by an ADB Audit Report, seven years after the reform that "given the small population of the country, it might be inappropriate to introduce several layers

of government, as it would result in additional public expenditure burden" (ADB, 2002a, p. 3). Nevertheless, expectations have been created.

Under the new Island Government Act (2001-13) the central government is compelled to fully fund the island governments, despite of what had been suggested in the ADB Audit report. The same can be said about other non-reforming sectors.

From an organisational perspective, by not disbanding, reforming, or incorporating the other sectors (sub-systems) into the new economic order, the situation provided the potential for conflict to arise (Manins, 2011). As a system, each component of the system must operate in harmony to influence the whole system.

From this perspective, one could conclude that if NPM is to be effective, the government would need to progressively reform the other sectors of the economy (Sharma, 2008; Jonassen, 2010). The delivery of public goods and services is very much dependent on the effectiveness of the whole system; from policy formulation (production) to policy implementation (service delivery), to outcomes and feedback (Capra, 1996; Mattessich, 1978). Where devolution has failed, there appeared to be increasing tensions between the two parallels (Bray, 1991; Lowenthal, 1987).

Srebrink (2004) states, "conflicts in small island states are costly" (p.332). On the other hand homogenous societies such as the Cook Islands, and "being small often enables actors to resolve their differences" (Anker & Anker, 1995, p.213). However, personal differences could be resolved if legislative and policy frameworks are aligned as often, personal differences could have risen from frictions created by inconsistency in legislation, policies and/or structural adjustments as experienced in the Cook Islands.

Unlike New Zealand's reforms, Heads of Ministries (HOM's) in the Cook Islands have tripartite roles; as policy advisors, policy formulators and policy implementers (managers) of their respective agencies. This was contrary to Osborne and Gaebler's (1993) notion of governments that should 'steer' the economy and leave the implementation ('row') to implementing agencies, private sector organisations, and civil society.

The demarcation between executive policy-advice, policy formulation, and managerial implementation is blurred in the Cook Islands. Such a situation provided grounds for conflict of interest between the HOMs and their policy makers (politicians). The question of the separation of policy responsibilities from 1) those that provide policy advice, 2) those that formulate and tender policies, and 3) those who implement policies, has not been adequately addressed. These matters need further research to determine appropriate measures that would assist the Cook Islands Government in its development strategies.

New Zealand's influence in NPM reforms

As discussed earlier NPM reform literature suggested that the type of reform in the Cook Islands was "unduly influenced by the New Zealand's model" (Knapman & Saldanha, 1999, p.37). Similar to the New Zealand model, the public sector reform in the Cook Islands had the elements of public choice theory (devolution), principle agency theory (Employment (HOMs) contracts), transaction cost economics theory (privatisation, corporatisation and outsourcing) and managerialism (performance agreements, awards and result oriented public service). It must be pointed out that the new Financial Secretary that took control of the reform and the consultants who were working with the Asian Development Bank were mostly from New Zealand.

As suggested by Pollitt & Bouchaert (2011), English speaking consultants working in international financial institutions such as the World Bank, IMF and the ADB largely influenced the types of reforms introduced in developing countries – in this case New Zealand's consultants' influenced over the type of reforms undertaken in the Cook Islands (Knapman & Saldanha, 1999; Pollitt & Bouchaert, 2011).

Three other factors influenced the type of reforms in the Cook Islands. Firstly, there was urgency to restructure government's debts and to reform the public sector to bring the country back to normalcy as the Cook Islands was bankrupt. Secondly, the Cook Islands is an 'associated' state of New Zealand. It has strong cultural ties with New Zealand, and the Cook Islands political system, the administrative structure and the education systems are based on New Zealand's models.

Thirdly, New Zealand was considered one of the leading countries in public sector reforms in the OECD countries (Boston et al., 1991).

As seen in Chapter 2, its special relationship with New Zealand enabled Cook Islanders to move freely between the two countries. This relationship enables the New Zealand government's involvement in development, through aid (New Zealand is the major aid donor to the Cook Islands); whereby New Zealand's Foreign Affairs Department which provides diplomatic assistance to the Cook Islands in the international community while New Zealand's Defence Forces provide security and protection for both New Zealand and the Cook Islands under the *'free association'* accord (MFAI, 1998).

The Cook Islands also uses the New Zealand's currency to transact its business. It was therefore, appropriate that New Zealand provides leadership in the reform process in the Cook Islands.

Conclusion

Five parts of governance have been identified and discussed. These parts were the Parliamentary System (made up of the Legislature, the Executive Government and the Judiciary), the House of Ariki and Koutu Nui, Island Governments and New Zealand's place in governance. At the time of the public sector reforms, the Legislative arm of government, parts of the Judiciary, Island Government system, and the traditional House of Ariki and Koutu Nui were not included in the reform process.

After the reform, some parts of the system worked well, while there were tensions in other parts that required policy and legislative changes. Between 2006 and 2012 incremental changes have taken place. These incremental changes include legislative and policy changes to realign parts of governance to the whole system. Despite the on-going changes, more areas of responsibility remained unattended. The traditional Ariki system remained outside of Parliament. It had no legislative powers, but found to be influential in the islands as Cook Islanders look up to that form of authority. Although support for traditional leadership exists, its place in governance in the future is uncertain.

As seen in governance literature (Chapter 3) definitions of governance and NPM varied. This was similar to what was found in the Cook Islands from this study.

In terms of definitions used to describe public sector reforms, participants and key informants used different terms. Common terms used were 'transition', 'devolution', 'reform', and 'public sector reform'. These terms were used interchangeably, whereas most terms used by donor agencies was 'economic reform programme' (ERP), 'restructuring' and 'economic reform'.

Participants who returned from overseas after the reform did not use any of these terminologies but referred to the form of governance as a 'good system'.

There were positive and negative outcomes experienced in post reform Cook Islands. These outcomes stemmed from two perspectives. One was the result of the ERP and the other was structural. The positive outcomes were due to the streamlining of government functions where responsibilities were devolved and shared, a reduction in overall expenditure, investment in productive assets which generate greater revenue intake, and the deregulation of the market that saw the expansion of the private sector.

The negative outcomes were the result of lack of appropriate legislation governing devolution, inconsistency in policy initiatives (perhaps from political instability), lack of capacity and capability in policy development, an imbalance in development between the three regions, an imbalance in the distribution of wealth and income between the regions and by gender (females earned less income than males), high cost of living, and an increase in outmigration.

Tensions in the system were caused by the incomplete structural adjustments and poor lines of communication.

Positive outcomes were attributed to the ERP, which saw rapid recovery and an improved economic performance. Employment had shifted from government to the private sector, and development was concentrated mainly on Rarotonga and to some extent to Aitutaki. The rest of the outer islands remained underdeveloped.

The imbalance was one major factor that shifted the population from the outer islands to Rarotonga, then to overseas. In return, there has been an influx of foreign labour into the Cook Islands. The continued exodus of Cook Islanders threatens the viability of these island communities, but no concrete policy initiatives have been put in place. The on-going outward migration defeated the purpose of the reform – that is, the objective of the reform was to improve the social and economic conditions of the island state so people could live in their home islands (also Hayes, 2010).

NPM derives its theories from organisational economics and business administration principles. Accordingly, its aims were to use the market to drive the economy and to maximise return on investment. The privatisation of government assets, the corporatisation of public utilities, the contracting out of services and the reduction of state influence on citizens emerged from the belief that the market will drive development rather than the state. Based on these assumptions, the outer islands may have become a liability as return on investment (taxpayer funds) would be negative. This may explain the priorities of government, which indirectly created the disparities between the outer islands, Rarotonga, and Aitutaki.

The Government and donor-driven policies on privatisation and outsourcing derived from 'transaction cost economics' have shifted public assets to private individuals and their corporations. This situation eventually created an oligopoly in the market. The oligopoly influenced social and economic policies through government agency boards. It may have deprived the government of tax revenue through 'price transfers' and 'price fixing', and may have strangled potential competitors from emerging in the market. This may in turn prevent the expansion of the private sector and limits government's potential to expand its tax base. As there was no legislation to guide commerce, the oligopoly had limited people's choice of goods and services, and the price they were willing to pay.

Low wages combined with a volatile inflation rate, (partly due to imported inflation, partly from price fixing, and partly from general price increases) may have contributed to the high cost of living experienced in the Cook Islands.

Chapter 9 CONCLUSIONS

This chapter begins by presenting an overall summary of the research journey, before presenting the significance of the findings in Part 1. Part 2 relates the findings to scholarly claims on governance and NPM reform outcomes. Part 3 provides some policy recommendations based on the findings, and Part 4 discusses the limitation of the study and recommends areas of further research.

Research Journey

This research journey has been an invaluable experience for me as it has increased my understanding of governance and NPM outcomes much more than I anticipated. It was also a new experience for my participants as they thanked me with words such as: "this is the first time we have participated in this kind of discussion". Most of my participants were unaware of the complexity of NPM nor the challenges of its introduction in a small nation state where democratic systems are organised alongside the traditional family-based Ariki system. Besides these, the influences of external agencies and in particular New Zealand's influence were strongly felt. The aim of this study was to explore new perspectives on governance and NPM outcomes that will contribute to new knowledge in the Cook Islands, and in other small island developing states (SIDS), contemplating public sector reforms.

Part 1: Significant Findings of the Study

Government Systems

The public sector reform that was introduced between 1995 and 1997 was rapid. It took about 18 months to complete. The purpose was: a) to rescue the country from financial ruin, and b) to establish the legislative and administrative frameworks to improve government functions. As a system, reforms made to one part of government affects other parts in the system. As the study showed, an unfortunate situation developed from the way the NPM reform was introduced.

There was less recognition given to ensuring the adaptation of other institutions of government–(which had their own organisational procedures, processes and legislative constraints) to achieve the reform goals. Key agencies within the NPM system (i.e., the legislature, the island government system, and parts of the Judiciary – the lower courts of the Justices of the Peace (JPs) were not well clarified or defined. Therefore, the tensions between MPs, Mayors, Island Secretaries, traditional leaders, and political unrest were inevitable. This was obvious, especially in a small nation state where everyone knows each other. These conflicts emerged from: a) political affiliations, which separate leaders, b) personal differences (sometimes family-based differences), and c) conflict in law due to inconsistencies in law and outdated legislation. The three specific factors noted were:

1. **Inconsistency in Policies**

There have been widespread inconsistencies in terms of policies, processes and practices. For instance, there were disparities in leave entitlements, travel policies, and salary scale among government agencies and island governments. These led to changes made in the 2009 Public Service Act to maintain fairness and promote equity in the system. There have been debates about how much power should be given to MLA and Island Governments and how much power should be retained by Central Agencies. The argument for the autonomy of managers at MLA level and the need for Central Government Agencies to control operations stemmed from two conflicting organisational theories: a) Public Choice Theory, which advocates fragmentation of the bureaucracy (Buchannan, 1986) and b) Managerialism, which advocates managerial discretionary powers to maximise outputs (Osborne & Gaebler, 1992). The spirit of devolution was for the Central Government to share power with MLA and Island Governments, where decision-making was brought down to where policies were implemented, but this change created new challenges that needed attention.

2. Duplication of functions

As the number of government departments and agencies were reduced, gaps appeared. These developments were in contrast to the NPM concept that implies 'the smaller and leaner governments, driven by the market would be more effective'.

The NPM concept was found to be problematic in the Cook Islands. For instance, this study found that although the reforms led to positive outcomes, stakeholders and civil society were not informed of these outcomes. As the media was privatised, public opinion was influenced by negative reporting from the media outlets. This, in turn, gave the government a 'bad' name. To counter this deficiency in the system, individual LMAs were employing their own staff or expanding job descriptions to cover this function. In addition, LMAs were establishing standalone websites, which were poorly managed due to lack of capacity. Electronic data was sometimes released, but often this information was not updated, done in an ad hoc fashion, and were infrequent. Besides this, only 37% of the population had access to computers which denied the majority of the people from accessing public information on line.

There was no central government database, and very little correlation existed between government agencies sharing electronic data. The lack of a central database system was costly to taxpayers, as there may be duplication of functions (ADB, 2011; Yeoman & Numanga, 2011). At the time of the study, PSC was in the process of centralising this area of responsibility for the mainstream public service, but the rest of government remained untouched.

3. Absence of Champions

There was an absence of an agency that could research and pursue legislative changes to achieve the level of 'good' governance as intended by the reform. This could have been the reason for the 13-year long delay in scoping and designing the Island Government Act 2012-13. Other perceived changes such as the introduction of the commerce and consumer protection bills, have been delayed, perhaps as a result of lack of capacity to drive these legislative changes.

4. Ministerial Multiple Portfolios

As in New Zealand the Cook Islands Cabinet Ministers held multiple portfolios ranging across a wide range of sectors. There were advantages and disadvantages to this type of arrangement. For instance, multiple portfolios save cost to the country as Ministers take on extra duties at no cost to the taxpayer. Ministers also learn more about the other sectors of the economy as they work across these sectors.

The disadvantages were that firstly, the allocation of portfolios were based on 'interest' and some 'knowledge' of the sectors rather than expertise in a particular policy area. Secondly, Ministerial appointments were based on how strongly they could bargain with colleagues and the Prime Minister for the portfolios, rather than the Prime Minister choosing the best Minister for the job. Finally, Ministers had multiple roles, and they would frequently travel overseas to represent the country, but these travels drew public criticism. The necessity for the travels was not adequately communicated to the public which in turn gave the government a 'bad' name.

Parts of Governance

1. Fragmentation in Government Systems

There was fragmentation in many parts of the system. This fragmentation came about because of the trialled 'devolution' process, which followed a tenet of the public choice theory of 'differential' governance (Ostrom, 1971). Differential governance advocates the reduction of the power of the state and its bureaucracy. Moreover, it agreed to devolve political and administrative powers to government agencies to decide the type and form of administration of their choice.

The 1995-96 PS Act was designed in particular to give effect to the concept of devolution, but the result was not positive. The shift in policies to devolve administrative powers and the flexibility of the PS Act enabled the MLAs and Island Administrations to make their own policies and set their own pay rates. In the same way, the legislation encouraged government agencies to compete rather than collaborate as government units.

In addition, the lack of human resource capacity prevented the majority of MLAs and Island Administrations from a) developing sound and consistent policies (in line with central agency policies), b) designing and producing strategic plans (a requirement for budget allocation), and 3) adequately accounting for and reporting on spending. These discrepancies caused tensions among government agencies.

With the introduction of the 2009 Public Service Act, there have been disagreements between central agencies and LMA with regards to the degree of powers to be shared. The disagreement stemmed from the interpretation of sections 7, 16, 17, and 21 of the PS Act. The participants from central agencies claimed that the new Act was designed to return some powers back to central agencies, so they could control the disparities and the fragmentation that spurred out of proportion. However, the LMAs argued that the spirit of devolution remained under law but this was misinterpreted by central government agencies. They further argued that if central government agencies were to retain power they would effectively undermine Section 21 provision of the Act, which implies the MLAs have a "duty to act as good employer" (s. 21). The centralisation of authority could defeat the purpose of managerial powers to manage and award employees where it is due.

2. Incremental reforms

Incremental reforms have taken place in the post reform (2006-2012) period. The recent introduction of the Island Government Act 2012-13 required policy shifts to transfer activities and powers relevant to the Island Governments. The Central Government would be required to retain aspects of governance, such as national policy functions, legislative functions, and the coordination of Island Government Forums. Resource management, Island Government policies, and accountability functions would be devolved. In addition to the PS Act (2009), there were other legislative changes that were introduced during this period. For instance, the Official Information Act (2008) and the Employment Relations Act (2010) came into force during the 2006-2012 period to improve governance.

3. Place of Island Governments in Governance

Island Governments were important to the people in the outer islands as decision–making was brought closer to them. Resource allocation did not follow the reform.

The devolution of powers was frequently spoken of, but the actual power remained in Rarotonga.   In addition, there was a conflict in legislation, which inevitably placed the Island Councils outside the NPM system. The recent Island Government Act 2012-13 took over 13 years (after the public sector reform) to be brought into force. However, there was scepticism about its effectiveness as there was reluctance in the past to devolve powers and re-allocate resources to the outer islands at the time of the reform.

Participants were of the view that traditional forms of Island Governments were in existence years before European explorers discovered the islands. They were also of the view that island governments (as in the past) were important to the island communities, either in their current forms or otherwise: "there will always be an island government". But concerns have been raised by donor agencies about the viability of the outer islands, because of the continuous outward migration but no concrete policy has been put in place to address this issue. Participants suggested that government should put in place incentives to encourage the outflow of the population from Rarotonga and overseas to the outer islands.

Participants were divided on membership of the Island Governments and island representatives in Parliament. A number of participants wanted MPs not to be part of the Island Council. They wanted MPs to be removed as ex-officio in the Island Government, but MPs could attend meetings only on invitation. This was because they believed the role of an MP was to serve Parliament and not the Island Council and their presence is not only unnecessary, but a cause of conflict. Others suggested that there should be only one representative (either an MP or the Mayor) to represent the island, both in the Island Council and in Parliament. One other suggestion was to keep the two representatives separate, but to reduce the number of seats in Parliamentary so they do not duplicate the functions of the other. This would enable the Mayor to provide strategic direction at the local level without interference from the MP(s).

4. Place of the Ariki (and Koutu Nui) in Governance

The House of Ariki (and Koutu Nui) operate outside of the Parliament system since inception; the House of Ariki in 1966 and the Koutu Nui established under the House of Ariki (Amendment) Act in 1972. There was no attempt to align the modern Parliamentary system with tradition, despite an overwhelming support by the people of the Cook Islands to place their traditional leaders in the centre of governance. This support was shown in past research (CPR, 1998) and in this study. There exist tensions between the two traditional institutions – the House of Ariki and Koutu Nui. One was said to be personal differences. The other was noted in the literature as political manipulation, which segregated the traditional leaders. This proposition was also supported by known Cook Island academics and writers.

Two other reasons for tensions that exist between the traditional institutions was discovered from document analysis. The analysis suggested that one of the main causes of the conflict was in the way the legislation was designed. The other was based on the conflict between tradition (hierarchical system) and modern democratic principles of participation in governance. The involvement of the Koutu Nui in decision-making at the same level as the House of Ariki could be the cause of this conflict. Thus, the legislation need to be studied and reconstructed to align these institutions in such a way that will enable these traditional institutions to function in harmony.

5. Place of NGOs in Governance

NGOs have been part of the Cook Islands since the advent of the missionaries. Most of the churches in the Cook Islands catered for youth and women voluntary organisations. Sporting organisations and civil society organisations have dominated everyday life of the people of the Cook Islands for many years. The earliest recorded voluntary organisation that registered in 1910 was the "Rarotonga Cricket Club" (Monga-Maeva, 2003, p. 222). Ever since 1910, over 220 voluntary organisations have been established for a population of under 14,000. Voluntary organisations are widespread and memberships are drawn from across the sectors (Crocombe, 1990).

In broad terms, voluntary organisations range from women's groups, child welfare, youth groups, uniform organisations, religious organisations, social services, health groups, creative expressive groups, professional and business groups, environmental groups, and regional affiliated groups.

In 1986, the Cook Islands Association of Non-Governmental Organisations (CIANGO) was established to coordinate the large group of NGOs in the Cook Islands. The Government was criticised for inaction in incorporating NGOs into the policy-making processes. It was noted that as government functions shrunk the activities in the private sector (business) increased and the number of NGOs got larger. Although "the government has no distinct policy in relation to NGOs" (Crocombe, 1990, p.4), their interaction could have been improved after the reform to engage them in the decision-making processes, according to an informant.

New Public Management System

The finding of this study highlighted some compelling challenges that developed from the introduction of NPM in this small island developing state. The Cook Islands has long been dealing with the issues relating to small population size, spread over the 12 inhabited islands, physical and human resource issues, New Zealand's 'special' place in governance, and the interplay of the traditional Ariki system in a modern democratic political environment.

As noted, the 13,700 (2012) population of this country is spread over the twelve inhabited islands separated by vast ocean distances. The Government has been charged with providing all services equitably to all its citizens living on these far flung islands. It has been doing so from its central base at Rarotonga, through its ten island separate councils.

Given these constraints, the introduction of NPM reforms would have presented new challenges, even if the best model and procedures have been followed.

What model is best suited to a small nation state?

The speed with which NPM was introduced provided no opportunity to review other models of public sector reforms and their possible outcomes. As discussed by Pollitt and Bouchaert (2011), other types of reforms were taking place in other parts of the world but very little is known in the Anglophone countries.

Models such as New Public Governance (NPG), Neo-Weberian State (NWS), and Networks have been implemented in a number of countries. The NPG model would be favourable, because of its characteristics that suited SIDS such as the Cook Islands. For instance, NPG advocates stakeholder network and partnerships. The values (ethics) of public sector would be retained, but reforms would be made in networking with other sectors, liberal quasi-use of the market mechanism to contract out services, and the involvement of non-state actors in decision-making.

Lessons Learned from the Reform

There are lessons that could be learned from the experiences of Denmark, Japan and the CCS, in particular Jamaica which could be useful to the Cook Islands. Denmark and Japan initiated internal reforms. They incorporated new ideas into the bureaucratic system and maintained traditions, which their people were familiar. On the other hand, Jamaica undertook public sector reforms since the 1970s. The reforms were taken in seven phases. The reforms were initiated and implemented from within, but strongly influenced by global financial institutions from the outside. Jamaica did not incorporate or retain parts of its bureaucratic traditions. Jamaica's reform followed as closely as possible to the objectives of the reforms, but assessments have shown there was no improvement in productivity (see Chapter 3).

1. **Introduction of the New Zealand Model**

The New Zealand reform model that was introduced in the Cook Islands had its own challenges. First, the NPM regime emerged from a complex group of organisational theories and management philosophy.

It was perhaps, more suited to advanced market economies with larger population size and the concentration of marketable activities where there is 'perfect' market conditions for fair competition. In the Cook Islands, the situation is different.

The Cook Islands is a small island state, with a small and mobile population, and its islands are scattered over large ocean distances from each other, and from the centre of commerce in Rarotonga. Thus, there exist an 'imperfect' market condition. Besides, the country lacked human capacity and financial resources to operate and sustain a complex management system. This situation is worsened by the loss of its skilled people, through migration.

Unlike the Japanese and Denmark's reforms (see Chapter 3), the New Zealand model removed much of the traces of the Weberian bureaucratic tradition. It did not incorporate any traditional practices, local methods or protocols into the reform process. It appeared the Cook Islands reform was driven by economics and its philosophy (similar to New Zealand) was the belief in the 'invisible hand of the market' (Adam Smith, 1776) to deliver goods and services to its citizens.

Unlike the Japanese reforms, it borrowed some ideas from the USA and the UK while retaining much of its traditional bureaucratic system and the cultural traditions, such as *amakudari* and *gokusei shido* whereas the Cook Islands did not. In a similar fashion to the Japanese reform, Denmark aligned many of the changes to its corporate culture. It allowed for political consensus, stakeholders' involvement in governance, and incorporated collective bargaining features into its corporate structures. This was in sharp contrast to one of the seven doctrines of NPM, which was to resist union demands (Hood, 1991).

The Cook Islands, on the other hand followed New Zealand's model by emphasising individual short term contracts and performance-based conditions for employment, thereby weakening the workers' collective bargaining power.

There have been on-going debates for the cost of living adjustment (COLA) between the Cook Island workers (union) and government which erupted once in 2006 and later in 2012.

However, with the reduced number of union members - weakened by private employment contracts and the silence of 'collective bargaining' provisions in employment legislation and policies, the needs of the workers have been supressed. As the inflation rate rose between 4-7% per annum, and the importation of cheap labour (which supressed domestic wages), real wages in the Cook Islands have declined.

2. Social Security and Dependency

Given a small society that is largely dependent on extended family ties, and a culture that generally 'gives' and 'shares' rather than 'compete', 'take' and 'profit' (Mason, 2003), the rapid philosophical change might have disrupted people's ways of life. With job losses, families migrated in numbers during, and after the reform.

Cook Islanders migrate, firstly, because they were unable to financially support their families. Secondly, people's extended family obligations and the community's expectations of an individual could not be met. For instance, a participant (who was also a pastor of a Christian church) said: "the reform badly affected the *Ekalesia's* contribution to church coffers" which consequently affected the work of the church in the island communities. This situation and other family obligations may have contributed to outmigration. As a small island state characterised by low population, wide geographical spread, and the lack of human and financial capacity to operate the NPM system, the Cook Islands has been heavily reliant on foreign expertise for advice, skills, and input. It is an on-going situation and there was no indication of it, ever subsiding.

3. Human Resource Capacity Building for NPM

There appeared to be lack of appropriate training for civil servants, (e.g., public service ethics, personnel management, customer service, government protocols, financial management, time management, policy formulation, and others) to build and retain human capacity to operate the NPM system.

Although a number of training programs were conducted between 1996 and 1999 to up-skill public servants, this has since slowed down (ADB, 2002). The Master of Business Administration (MBA) program conducted by the University of the South Pacific (USP), Suva in conjunction with the USP Rarotonga branch between 2008 and 2010 to build capacity was discontinued. However, specific training skills such as project management, financial accounting, strategic planning, and ICT have been conducted at times, but these have also slowed down.

NPM reforms require new skills and new techniques to operate the system, but these skills have not been amalgamated into the training needs of civil servants or supported by the in-county training institutions.

4. Communication challenges

Communications between island governments, MLA, and central agencies were a concern. The delays stemmed from a lack of capacity faced by the Cook Islands as a small island state. This may have contributed to delays in feedback, which may have resulted in delays in completing tasks at hand, and on time. The delays deprived stakeholders from scrutinising reports and contribute effectively to policy decisions. With its small and mobile population base, the Cook Islands was not able to train and retain its skilled people to adequately manage the NPM regime.

5. Raising Public Awareness

At the time of the reform, some non-core functions, including the Information Department were deregulated and privatised. Since then, there was the assumption that privatisation would lead to better, efficient and more accurate reporting on all events including the activities of government. This assumption did not hold true for the Cook Islands as private newspapers and the TV stations were privately owned and their interest was profit driven. Thus, most times sensitive news that can sell could be broadcast or published whereas, much of the positive achievements and gains derived from the reforms were not adequately communicated to the public.

On the contrary, the negative images that have been frequently reported in the media has reconstructed people's negative opinion of government.

Impact of the Reform

 1. **Positive Development**

Data have shown drastic improvement in economic performance, the expansion of the economic base and growth in the private sector. There was an increase in GDP, and an increased in the GDP per capita over the six year period under study.

There was also a shift in employment from government to the private sector as tourism and related industries grew. Average income level has risen sharply from $10, 992 in 1996 to $25,348 in 2012. Managers were given discretional authority to manage which saw improvement in service delivery on Rarotonga. As the private sector matured, much more services were provided. Public sector goods were tendered out and supplies were purchased on a contestable basis. As a result prices for the taxpayer were decreased. The liberalised tax reform brought in increased tax revenue for government, it sped up billings and tax collection, which enabled the government to increase expenditure in areas that was most needed by the people.

International agency reports showed that the credit rating of the Cook Islands improved – it was said to have a financial regulation that prohibited borrowing over 35% of GDP (ADB, 2002). This has forced government to prudently manage public funds. As a result, reserves have built and there was an overall confidence in the performance of the economy. In addition to the statistical data analysis, participants identified a number of related positive outcomes in terms of government processes, including: an improved management system, easy access to public information, improved accountability and transparency in the system, and greater job satisfaction at work.

2. Negative Outcomes

There were also some negative outcomes. For example, there have been an increase in outmigration, and there have been incidences of corruption in the procurement and awarding of contracts. Although one of the aims of the reform was to eliminate nepotism in the workplace, this practice has not been addressed.

However, it appears that there is fair and just selection of skill people for jobs at the lower to mid-level positions. However, top level jobs such as Heads of Ministries and Chief Executives, political appointments continue.

There was an increased in the cost of living, partly as a result of the rise of government monopolies and the private sector oligopoly which determined price on the market (see Chapter 2). Bank interest rates on borrowings were also high.

A shift in development strategies – from social services to maximising return on investment resulted in an imbalance between development on the outer islands, Rarotonga and Aitutaki. The imbalance shifted the population from the outer islands to Rarotonga, then to overseas. The outmigration of Cook Islanders had caused a shortage of skilled people.

Although there was a drastic rise in average income rate per capita, only a few (5%) benefited. The female population and outer islanders were the most discriminated against. The female population nation-wide earned less than males and the people in the outer islands earned less than their counter parts in Rarotonga.

Poverty was identified at 28.4%, unemployment was recorded at 8.3%, and 15% of the population earned less than $5,000 per annum. About 19.67% of the population did not earn an income in 2006. These findings suggested that there was inequality in the society.

The imbalance in development in the outer islands and the inequality in income distribution might have been the cause of outward migration.

3. **Devolution, Inequality and Rising cost of the Public Sector**

Public choice theory is one of the main theories comprising NPM. It advocates the reducing of the role of the state in streamlining government functions and reducing public expenditure.

This saw the trimming of more than 40% of the civil servant numbers from 3,002 in 1996 to 1,738 in 2011. The number of government departments and agencies was reduced from 52 to 22 during the reform. At the same time, competition was advocated (i.e., labour, capital, goods, and services), but there was very little competition for top jobs in the Cook Islands. This was because there was limited pool of skilled people besides, most of the top job appointments were based on political affiliation rather than merit. There exists an extended family-based system in the Cook Islands, which could encourage the employment of 'whom you know' rather than being based on merit. The existing Cook Islands and Pacific literature support this proposition.

As there was no standard policy to restrict managerial discretion in the award system, the atmosphere was ripe for manipulation. This contributed to the disparity in salaries and fringe benefits, which subsequently gave rise to higher salary expenditure, shown in government accounts.

This rise was reflected in the cost of maintaining the public service that soared from $33.9m in 1996 to $44m in 2012, despite the reduction in the number of government departments and agencies and the reduction in the number of civil servants. The flexibility of managerial discretionary powers contained in the provisions of the 1995-96 PS Act, and the subsequent PS Act 2009 might have provided the impetus for the indiscretion. This indiscretion could have contributed to inequality in awards and the soaring of public expenditure.

Also in 2007 the Members of Parliament (MPs) gave themselves a pay rise which could have contributed to these increases (Ponga, 2007).

Challenges of a Small Island Developing State

1. Vulnerability

The vast ocean distances that separate the outer islands from one another, and from the urban centre of Rarotonga have always been an issue. The outer islands populations range from 60 to 2,000 people, and most people know each other.

Competition is frowned upon, as families are largely dependent on each other for security and survival. The families rely on welfare benefits and remittances sent by families from overseas.

Although some reports in the past suggested only 4% of GDP was remittance, recent studies in Australia suggested perhaps up to 60% of GDP of the Cook Islands have been from remittances but no studies have been conducted.

In addition, much of the population lives on subsistence farming and fishing to supplement family income, and to sustain their way of life. Except for Rarotonga and to some extent Aitutaki, these remote islands have very little or no market. Thus, other service and people oriented government systems could be more suitable to the needs of the Cook Islands than the NPM market-driven model. The spirit of the devolution was for the central government to share power with MLA and Island Governments (where decision-making was brought down to where policies were implemented), but this perception proved to be a challenge for the Cook Islands.

2. The Divide between urban Rarotonga and the rural Outer Islands

Except for the island of Aitutaki, there has been an imbalance in development between urban Rarotonga and the rural outer islands. There have been disparities in income levels between the regions and between the genders (male and female population). Despite the rise in average income level since 1996, much of it was earned by males and spent on Rarotonga than the female population and those living in the outer

islands. The northern group islands and the female population were the most disadvantaged.

This was followed by those in the southern group islands, then Rarotonga. Despite the rapid growth in the economy, there was inequity in the distribution of wealth and income, which might have contributed the high rate of poverty that eventually resulted in outward migration.

3. Migration and development - Loss of human resources

As indicated earlier, the imbalance in development contributed to outmigration, in particular from the outer islands to Rarotonga and overseas. There have been records of returning Cook Islanders as shown in the document analysis (Chapter 7). However, this was out-weighed by outward migration at an average loss of 20 people per month in 2002. This movement had increased to 90 people per month in 2009.

The negative movement of the Cook Islands population placed doubts on the sustainability of the outer islands in terms of development and social cohesion. Government was urged to ensure the movement is a two way process rather than one.

4. Government's Monopolies and Private Sector Oligopoly

The retention of government's monopoly and rise of private sector oligopoly, were incidental outcomes of the reform. Natural monopolies may have been necessary, given that either there was very little or no market for essential services provided by government or there was lack of capital, or the risk of providing such services outweighed economic gains for the private sector to emerge. A report released by an SPC expert on telecommunication, showed for example, TCI's monopoly on telecommunication was policy driven rather than determined by the market.

Telecom New Zealand's 60% shareholding in TCI made it difficult for government to rescind the agreement. Other government-owned monopolies (e.g. Te Aponga) followed similar pattern.

The Government's monopoly in telecommunication and energy prevented other interested parties from entering the market to compete, so a fair price could be passed onto consumers.

There would be a greater return to government in terms of employment and taxes (personal, company, and value added taxes), if government monopolies had been deregulated. On the other hand, the emergence of the private sector oligopoly resulted from the failure of the government to legislate against trusts, monopolies, and oligopolies. This had the effect the oligopoly controlling prices of goods and services in the market.

The oligopoly redirects commercial activities where it has the competitive advantage, and prevents new and alternative commercial activities from emerging in the market.

The retention of government monopolies and the emergence of the private sector oligopoly was two fold. First, the government was fearful of privatising public commodities it considered fundamental to public good, and secondly, it was not committed to study the impact of its monopolies on consumers. The emergence of the private sector oligopoly was due to lack of legislation to prevent such development. The rise of the oligopoly was partly to avoid tax (legal) through price transfers, partly to prevent threats from existing competition, and partly to prevent potential competition that may emerge in the market. The private sector oligopoly played a key role in shaping the economy than it was initially thought.

As discussed in Chapter 2, the oligopoly also shifted social and economic policies through its directorships of government boards (see Figure 4). It has controlled the supply chain and set prices in the market. This was the reason new businesses could not be established because the oligarchy has a hold on the market, and could strangle small to medium local businesses with price war, and its oligarchy networks. It has set prices and determined the choice of goods and services it wants consumers to purchase. Part of the high cost of goods has been attributed to imported inflation (80% of goods were imported) and partly from the general movement of prices in the market, but has largely been predetermined by the oligopoly as it controls the mode and the means of commerce in the Cook Islands.

The oligopoly has the potential to prevent private sector expansion and limit taxation revenue intake by government through the establishment of trusts, price transfers and the strangelation of potential competitors (taxpayers), emerging in the market.

Part 2: Policy Recommendations

From the significant findings of this study, I was able to articulate some policy recommendations that could enhance the Cook Islands systems of governance and improve policy decisions and management practices.

The following policy recommendations are not only for the Cook Islands but could also apply to similar jurisdictions in the region and abroad.

1. **Incremental reforms of the legislative function and political reform**

As there was general reluctance on the part of decision-makers to reform the political system, an incremental reform approach is recommended. The incremental reform could start with changes made to the Legislature (Parliament) by legal scoping and the redrafting of the 1968-69 Legislative Act. Where applicable, amendments would be made to parts of the Constitution to align the Legislative function with the modern Parliamentary practices.

The next changes to follow would be to the scope and redraw the electoral boundaries. This means policy changes would be made to ensure fair representation and there is an equitable share of power among the outer islands and Rarotonga. The policy changes may include the roles of MPs and their representations in island governments. The next approach would be to gain political consensus on the number of MPs representing each island in Parliament. Once this is completed, changes should be made to the 1996 Electoral Act and parts of the 1965 Constitution Act to effect these changes.

2. **Improve Governance**

Consider establishing or strengthening a government agency that would research and develop policies of change, and pursue legislative changes necessary to improve governance.

3. **Improve Communication**

Consider identifying an agency that would be responsible for the dissemination of public information to raise awareness of the work of government. Avoid duplication of functions relating to communication within government agencies.

Part 3: Limitations of the Study

This research provided some insights into the form of governance in the Cook Islands, and the outcomes of NPM. Some of the findings from this study could point the direction for government and the people of the Cook Islands to improve governance, and to consider alternative social-economic policies to grow and sustain its economy. However, this study has limitations, which are listed below.

1. The sample size of 20 people spread over the urban and rural population was small. Although the initial plan was to have equal number of participants (of both genders) spread over all the inhabitant islands, it was impossible to locate and engage with the proposed participants from the outer islands, as transportation to and from these islands was infrequent (see Chapter 1).

   The sample size of participants was too small to provide the basis from which to generalise the findings. I also carried out a survey of key informants (people considered local experts in my field of inquiry) to cover gaps in my data collection. However, I am confident that a good spread was obtained for this study.

2. I have selected ten relevant documents to the study and analysed their contents. The content analysis formed part of this study. However, as there

was a limitation to the number of documents analysed, vital information, which could give a fair view of the events that have occurred, might have been missed. However, I am confident that the sample selection of the wide range of key documents (legislation, policy documents, international agencies reports, and statistical data) including government strategic plans have provided a solid basis for this study.

3. The period of study was limited to a six-year period, which did not cover past events prior to 2006 or events and outcomes after 2012. A longitude study of mixed methods in data collection would uncover some of the developments that have taken place prior to the 2006 period, which was not included in this study.

4. While every effort was made to establish a Community Advisory Committee (CAC), only one CAC member was available. Additional CAC members could have provided a wider range of advice on Cook Islands culture and traditions that could enrich this thesis.

5. Systems approach was used to explain the various functions of governance and the NPM outcomes. Systems theory is focused on institutional interactions, social processes, and the centrality of human's interactions as purposeful agents of change. It assumes these systems are ordered and perfect. However, in real life situations there is continuous contestation between divergent political, economic and socio-culture interests.

As the focus of this study is on institutional interactions and the socio-economic outcomes of NPM, the general systems theory approach has been used to study the parts and whole of the various institutions, and their interactions with each other that shape the island communities.

Areas for Further Research

The boundaries in which this research was conducted has limited the scope of the study. The study only investigated the general working parts of governance and some outcomes of NPM from a qualitative perspective. While it was necessary to manage the scope of the research, it left a number of areas unexplored.

Further research on the areas mentioned below would add weight to some of the findings highlighted in this study. It will also relate to areas of governance and NPM outcomes that were not covered in this research. The following are some areas that could be researched in the future:

1. **Other Types of Governance Models**

As discussed by Pollitt & Bouchaert (2011), there are new concepts and theories of governance and public management.

These ideas ranged from networking to neo-Weberian governance (NWG) which focus more on citizens' needs than 'believing in the market' to drive government policies and initiatives.

Research on these ideas could be of relevance to developing countries and SIDS such as the Cook Islands that rely heavily on migration, remittance, aid, and bureaucracy (MIRAB) to function as viable states in a globalised community (Pollitt & Bouchaert, 2011).

Critics of NPM system argue that there are flaws in the market system; therefore, the type of reform model (NPM) adopted by advanced countries may not be suitable for developing countries, and for SIDS such as the Cook Islands (Schick, 1998). Some of these new concepts of governance could eliminate or minimise "social deficit" (Kelsey, 1995, p.271) that was brought about by the NPM model, where equity is missing from its philosophies and theoretical frameworks. These models of government need further studies to identify gaps in policies and approaches to resource reallocation that could alleviate poverty, promote equality in the society, and aimed at slowing down outward migration.

2. Place of the House of Ariki (and Koutu Nui) in Governance

This study showed there was support for the traditional system of government to operate alongside the modern Parliament system of Government. There were some strong arguments about merging of the traditional system with the modern Parliamentary system and recommendations were made. However, participants were unsure where to place the traditional leadership in future governance. Some would like it to remain the same, others wanted more power to be given to the Ariki, and some wanted fewer powers be given to them.

A research on a viable model to align the powers of the Ariki (and Koutu Nui) and their place in future governance is needed. Further study is recommended to identify the wishes of the people.

3. E-Governance in the Cook Islands

E-governance is a significant part of modern government systems. New technological advancement, new skills and communication networks are vital to SIDS such as the Cook Islands but this was not emphasised during or after the reform. One of the concerns raised in this study was about capacity building, and part of the capacity building includes training of skilled people in computer technology and its usage to process and disseminate public information. Also, there was an emphasis on good governance (NSDP 2006-2010), where government's partnership with NGOs and civil society will become prominent in planning and implementation of policies in the future. These partnerships require an integrated data management system, which would be readily accessible to government and stakeholders to align policy initiatives and community programmes. This recommendation is in line with Goal number 6 of the NSDP 2006-2010, which is to "Strengthen[ed] National Coordination and Information System for Development Planning, Monitoring and Evaluation" (p. 11).

The Cook Island Government's intention by an Act of Parliament (IGA, 2012-13) was to empower the outer islands in the coming years. This situation would require an increase in the frequency and the mode of communication.

As the population continues to decline in the outer islands new strategies and approach to governance would be required. One of these strategies is through e-governance but studies have not been done. Further study is needed.

4. The changing face of the Cook Islands in the 21st Century

The relationship between collectivism and individualism in the Cook Islands has not been studied. As pointed out by a prominent Cook Islands academic in this study, recent cultural practices such as land alienation, lease mortgages, wealth accumulation, and individual business holdings are foreign concepts that have been adopted and embraced by Cook Islanders with some difficulties. These changes might have come about by the influences of the early Christian Missionaries, and by modernisation.

The Cook Island families have become more nuclear in recent times, but they still retained their family connections through genealogy, chiefly titles, and family land entitlements.

Furthermore, family reunions have become common place (Crocombe, 1990) and the internet and social media have made it possible for Cook Islanders to network with their families at home and abroad. As suggested by Mason (2003), much of the big businesses are now in the hands of resident *'papa'a'* and *'Europeanised'* Cook Islanders; whereas, the general Maori population has become spectators in their home islands. According to Mason (2003), this was because 'one culture extols giving and sharing while the other culture [competes and] takes as long as it is within the law'. Small local shops tend to display notices such as "no kaiu" (meaning 'no credit'), because families tend to use the extended family tradition of 'giving' to ask for modern consumer goods. Refusal is often difficult. Besides other commercial reasons, it might have been one of the biggest causes of local business failures. This could explain the reason for the local population to be 'spectators' than 'players' in commerce. There appeared to be tensions between tradition (collectivism) and modernity (individualism) in doing business in the Cook Islands.

The successes of Cook Islands' Maori businesses may depend on understanding these differences. Further research is therefore required.

5. Competition and collaboration

The concept of competition and collaboration in indigenous Pacific island states are contentious issues. As islands or rural communities are small and everyone knows each other, competition is frowned upon. The situation became complex, when urban Rarotonga became competitive after the reform.

In economics, competition is the basis from which efficiency is gained, prices are lowered, and wealth is created.

According to Maslow (1943), humans are 'perpetual wanting' beings, who always place their interest ahead of others in their interaction in society. Consequently, they tend to compete.

Although we have seen the real examples of this explanation in different societies, the emergence of NGOs and voluntary organisations around the world contradicts this argument.

The voluntary sector uses networks and collaboration to achieve its objective of helping people in need, rather than to make a profit. This is also evident in the Cook Islands.

Countries that value individual liberty appear to emphasise competition among their citizens. On the contrary, people in communal societies (e.g. the Cook Islands) collaborate in their island communities for their security and survival. Land disputes in courts, family disagreements on collective property rights, and tensions between the modern state (MPs) and traditional leadership (Ariki) have originated from these opposing belief systems. The two systems are said to be the antitheses of each other (Ingram, 1992). A thorough investigation of these phenomena would push the borders of knowledge in this field of inquiry. Thus, further study is recommended.

6. NPM and People's Wellbeing

The World Happiness Report (2012) argues that higher incomes can come at a cost, such as environmental degradation, an increase in insecurity, loss of trust, and reduced confidence in government. At the national level, it might also be the case that additional incomes only flow to the rich, doing little to increase the average level of happiness of ordinary people (Halliwell, Layard, & Sachs, 2012). The NPM model placed heavy emphasis on the market to drive government policies, activities and new initiatives.

Several concepts emerging from the NPM paradigm and emphasised in government's official communication that changed public perceptions were privatisation, corporatisation, capital accumulation, outsourcing, competition and surpluses. Problems emerge when the market is small, poor or non-existent. Under such conditions, public gains may be shifted to a handful of individuals or corporations. In small-island developing states such as the Cook Islands, where 'power distance' is closer to policy-decisions, contracts and tendering processes may be politically manipulated. One participant stated that: "it looks transparent but it's like daylight robbery". This quote implies that those in power could shift public resources to themselves or their family in the procurement process by pretence. Such situations could tip the balance of power and wealth in favour of a few at the expense of the majority. Such shifts could induce inequality in the society, which may in turn drive the people out of the country.

The findings also suggested an imbalance in development, disparities in salaries and wages, inequality in the distribution of wealth and income, and the deterioration of law and order. These are examples of a government bent on economic development rather than focusing on social justice and equality (Rawls, 1993).

This situation was summed up by a quote from a commentator in the Cook Islands News (CIN) editorial: ". . . why are we getting better statistically but feeling awfully worse off?" (Editor, 2012, p. 6). This statement implies that despite the fact that the country was prosperous according to statistical data, the economic benefit was yet to trickle down to the island community (also ADB, 2008c).

The high rate of migration suggests that people were not happy and were looking for a better life elsewhere (Demmke, 2011). The ADB (2008c) report warns that, as gaps between New Zealand and the Cook Islands standard of living widens there would be increased outward migration. One participant pointed out that outmigration reduces social and political tension in the system which he called "a release valve", so there could be discontentment in the country but this has not been made known.

The findings also suggested that Cook Islanders prefer to leave the country when things get difficult rather than remain and address the issues.

Thus, very little is known about why people continue to migrate in large numbers after the reforms despite the economic gains. Investigating this phenomenon would shed light on the impact of NPM (market-based policies) on people's happiness and wellbeing.

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GLOSSARY

ADB	Asian Development Bank
AUT	Auckland University of Technology
AUTEC	Auckland University of Technology Ethics Committee
BCI	Bank of the Cook Islands
CAs	Central Agencies
CAC	Community Advisory Committee
CCS	Commonwealth Caribbean States
CEDAW	Convention on the Elimination of Discrimination Against Women
CEO	Chief Executive Officer
CIIC	Cook Islands Investment Corporation
CINRC	Cook Islands National Research Committee
CITC	Cook Islands Investment Corporation
CITTI	Cook Islands Tertiary Training Institute
CPI	Consumer Price Index
CRC	Convention on the Rights of Children
CnAs	Crown Agencies
CFAs	Crown Funded Agencies
EEZ	Exclusive Economic Zone
ERP	Economic Reform Programme
GDP	Gross Domestic Product
GR	Government Representative in the Outer Islands
HOA	House of Ariki of the Cook Islands
HOMs	Heads of Ministries
HRC	Health Research Council of New Zealand
JPs	Justices of the Peace
LMs	Line Ministries
LMA	Line Ministries and Government Agencies
MFAI	Ministry of Foreign Affairs and Immigration

MFEM	Ministry of Finance and Economic Management
MOE	Ministry of Education
MPs	Members of Parliament
NGOs	Non-Government Organisations
NMDG	National Millennium Development Goal
NSDP	National Sustainable Development Plan
NZ	New Zealand
NZAID	New Zealand Agency for International Development
NZODA	New Zealand Official Development Assistance
NVivo 10	Version 10 of a qualitative research software programme
OECD	The Organisation for Economic Co-operation and Development
OPM	Office of the Prime Minister
OPSCer	Office of the Public Service Commissioner
PIF	Pacific Islands Forum
PM	Prime Minister
PSC	Public Service Commission
QR	Queens Representative of the Cook Islands
SOE	State Owned Enterprise
SPC	Secretariat of the Pacific Community
TCI	Telecommunication Cook Islands
UNCEP	United Nations Committee of Experts on Public Administration
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNESCO	United Nations Education, Scientific and Cultural Organisation
UNICEF	United Nations International Children's Emergency Fund
USP	University of the South Pacific, Rarotonga Branch
WHO	World Health Organisation

APPENDICES

Appendix 1.   Ethics Approval

AUT
UNIVERSITY
TE WĀNANGA ARONUI O TAMAKI MAKAU RAU

MEMORANDUM
Auckland University of Technology Ethics Committee (AUTEC)

To:	Peggy Fairbairn-Dunlop
From:	Rosemary Godbold, Executive Secretary, AUTEC
Date:	28 August 2012
Subject:	Ethics Application Number 12/184 Embracing manageralism in a small Pacific Island state: A study of systems dynamics of government and the outcomes of new public management in the Cook Island from 2006-2010.

Dear Peggy

Thank you for providing written evidence as requested. I am pleased to advise that it satisfies the points raised by the Auckland University of Technology Ethics Committee (AUTEC) at their meeting on 13 August 2012 and I have approved your ethics application. This delegated approval is made in accordance with section 5.3.2.3 of AUTEC's *Applying for Ethics Approval: Guidelines and Procedures* and is subject to endorsement by AUTEC at its meeting on 10 September 2012.

Your ethics application is approved for a period of three years until 27 August 2015.

I advise that as part of the ethics approval process, you are required to submit the following to AUTEC:

- A brief annual progress report using form EA2, which is available online through http://www.aut.ac.nz/research/research-ethics/ethics. When necessary this form may also be used to request an extension of the approval at least one month prior to its expiry on 27 August 2015;

- A brief report on the status of the project using form EA3, which is available online through http://www.aut.ac.nz/research/research-ethics/ethics. This report is to be submitted either when the approval expires on 27 August 2015 or on completion of the project, whichever comes sooner;

It is a condition of approval that AUTEC is notified of any adverse events or if the research does not commence. AUTEC approval needs to be sought for any alteration to the research, including any alteration of or addition to any documents that are provided to participants. You are reminded that, as applicant, you are responsible for ensuring that research undertaken under this approval occurs within the parameters outlined in the approved application.

Please note that AUTEC grants ethical approval only. If you require management approval from an institution or organisation for your research, then you will need to make the arrangements necessary to obtain this. Also, if your research is undertaken within a jurisdiction outside New Zealand, you will need to make the arrangements necessary to meet the legal and ethical requirements that apply within that jurisdiction.

To enable us to provide you with efficient service, we ask that you use the application number and study title in all written and verbal correspondence with us. Should you have any further enquiries regarding this matter, you are welcome to contact me by email at ethics@aut.ac.nz or by telephone on 921 9999 at extension 6902. Alternatively you may contact your AUTEC Faculty Representative (a list with contact details may be found in the Ethics Knowledge Base at http://www.aut.ac.nz/research/research-ethics/ethics).

On behalf of AUTEC and myself, I wish you success with your research and look forward to reading about it in your reports.

Yours sincerely

*P.P KOConnor
Executive Secretary
AUTEC
1/12/2014*

Dr Rosemary Godbold
Executive Secretary
Auckland University of Technology Ethics Committee

Cc: Jonah Nardu Tisam jtisam060@gmail.com

From the desk of
Dr Rosemary Godbold
Executive Secretary
AUTEC

Private Bag 92006, Auckland 1142
New Zealand
E-mail ethics@aut.ac.nz

Tel 04 9 921 9999
ext 8660
Fax 04 9 921 9902
page 1 of 1

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Appendix 2.   Cook Islands Government Research Approval

COOK ISLAND RESEARCH COMMITTEE
OFFICE OF THE PRIME MINISTER
PRIVATE BAG, RAROTONGA, COOK ISLANDS
Phone +682 211-50 Facsimile +682 20-856
Email: cos@pmoffice.gov.ck Web: www.cook-islands.gov.ck

File ref: 510.3
Letter no: 142

25 June 2012

Kia Orana Jonah,

RE: RESEARCH APPLICATION

I am pleased to advise that the National Research Committee has granted approval for your research titled **Embracing manageralism in a small Pacific island state: A study of the systems dynamics of government and the outcomes of new public management in the Cook Islands from 2006-2010** on **Rarotonga** from 20 July 2012 to the 15 November 2012.

Enclosed is your research permit issue # **21/12**

The following conditions listed below have been imposed by the National Research Committee
-**Provide a preliminary report to the Office of the Prime Minister at your earliest**

-**Submit 3 hard copies ÷ 1 e-copy of your final findings to the Office of the Prime Minister by July 2013**

Kia Manuia

Elizabeth Wright-Koteka
CHAIRPERSON

Appendix 3.   Foundation for National Research Permit

PERMIT TO UNDERTAKE

Research in the Cook Islands

This is to certify that: **Mr Jonah Tisam**

Has permission from the Foundation for National Research to do a research in the
Cook Islands from: **20 July 2012 to 15 November 2012**

On: **Rarotonga**

The topic of research is: Embracing manageralism in a small Pacific island state: A study of
the systems dynamics of government and the outcomes of new public management in the
Cook Islands from 2006-2010.

The Cook Islands Associate Researchers are: **N/A**

The following special conditions apply to this research:
-Provide a preliminary report to the Office of the Prime Minister at your earliest
-Submit 3 hard copies + 1 e-copy of your final findings to the Office of the Prime Minister
by July 2013

Permit Issued on: **25 June 2012**   Issued by: Elizabeth Koteka
                                                                          CHAIRPERSON

Receipt Number: **Waived**

Reference Number: 21/12   Signed: _____

For enquiries concerning this permit, please quote the Name of the Researcher and the
Reference Number to the Chairperson, Foundation for National Research, and Office of the
Prime Minister, Rarotonga, and COOK ISLANDS. Phone (682) 29 300, Fax (682) 20 856, or
Email: services@pmoffice.gov.ck   Website: www.pmoffice.gov.ck

Participant Information Sheet

AUT
UNIVERSITY
TE WĀNANGA ARONUI O TAMAKI MAKAU RAU

Date Information Sheet Produced:

8 August, 2012.

Project Title

Embracing manageralism in a small Pacific Island state: A study of systems dynamics of government and the outcomes of new public management in the Cook Islands from 2006-2012.
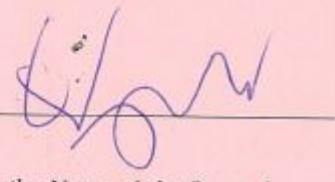
An Invitation

Kia Orana

My name is Jonah Tisam.

I am a PhD student from the Auckland University of Technology in New Zealand, undertaking a research project in the Cook Islands.

I am inviting you to participate in my interview. This interview is voluntary, and you may elect not to participate or to withdraw at any time prior to the completion of this study without incurring any penalty.

What is the purpose of this research?

My research will serve three main purposes. First, this research will explore peoples' views of the outcomes of the new public management within the supra-government system. Secondly, this research will inform the government and the people of the Cook Islands of the multiple relationships of governance that exist in the Cook Islands, and how best to manage these dynamics. The outcomes of this investigation will serve the policy needs of the government and the people in their island communities. Thirdly, this research will lead to a thesis as a requirement for the fulfilment of the degree of Doctor of Philosophy at the AUT University in Auckland, New Zealand.

How was I identified and why am I being invited to participate in this research?

You have been selected ahead of other potential candidates to participate in this research because of your knowledge of governance issues in the Cook Islands, and your input would provide me the information I need in my study. In this research, I have provided four criteria for my study of which you have qualified under one of these four criteria, and these are -

1) there is equal number of participants from the urban center (Rarotonga) and the outer islands, and by age and by gender.

2) participants must be individuals who were employed as civil servants or hold positions of authority in the Cook Islands prior to and during the 1995/6 reform years, and thereafter, from 1997-2012; or

3) participants must be employed or hold positions of authority in the private sector in the Cook Islands prior to and during the 1995/6 reform years and thereafter, from 1997-2012; or

4) participants have lived in the Cook Islands prior to and during the 1995/6 reform years, and thereafter, from 2006-2012.

This version was last edited on 13 October 2010

may wish to discuss, please do not hesitate to contact me on my telephone number or send me an email message and I will respond as soon as can.

How do I agree to participate in this research?

If you decide to participate in this research, please sign the Consent Form (Appendix B) and return this form to me at your earliest convenience. Alternatively, you may return the Consent Form to me at the time of our interview if you decide to participate. However, if you decide not to participate, I would appreciate you inform me as soon as possible by email or by calling me on any of my telephone numbers I have provided.

Will I receive feedback on the results of this research?

In this study, you will receive feedback from me after our interview and after I have transcribed our coversation. This is an opportunity for you to add or adjust the transcriptions where appropriate. At the end of my research, a final report will be prepared and presented to the AUT University for their consideration, and once approved I will present the findings to you and the people of the Cook Islands. Two copies of my final report will be handed to the Government of the Cook Islands of which one copy will be made available to the public at the National Library, Ministry of Cultural Development and the other copy will be handed to the National Research Foundation Unit, at the Office of the Prime Minister for safekeeping, and for access to future Cook Islands' reseachers.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Professor Peggy Fairnbairn-Dunlop, peggy.fairburn-dunlop@aut.ac.nz. Telephone, +64 9 921 9999 ext 6203.

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEC, Dr Rosemary Godbold, *rosemary.godbold@aut.ac.nz* , +64 9 921 9999 ext 6902.

Whom do I contact for further information about this research?

Researcher Contact Details:

Should you wish to contact me, my address and contact details is as follows:

Jonah Tisam
P O Box 268, Rarotonga
Cook Islands

Telephone (Cook Islands) + (682) 56 532,
New Zealand + (64) 0226968876. At the Institute of Public Policy, Auckland + (64) 921 9999 ext. 6556.

Project Supervisor Contact Details:

Tagaloatele Peggy Fairbairn-Dunlop
Foundation Professor of Pacific Studies
Institute of Public Policy (IPP), Manukau Campus
AUT University,
Private Bag 92006, Auckland 1142
New Zealand

Approved by the Auckland University of Technology Ethics Committee on 13 August, 2012 AUTEC Reference number 12/184

This version was last edited on 13 October 2010

Appendix 5.   Interview Schedule

INTERVIEW SCHEDULE

These are the main topics of questionnaires to be covered in the interviews, but the order may vary as the interview progresses.

A. THE NEW PUBLIC MANAGEMENT SYSTEM

Tell me, what do you know about the 'new public management' system that was introduced in 1995-96?

1. Looking back, how do you feel about the new public management reform in the Cook Islands?

2. What do you think the responsibilities of the Parliamentary System of Government were in 2006? Why do you say that?

3. Can you recall the changes that might have occurred in the new public management system between 2006 and 2012? If not, why not? If yes, what were they?

4. If there were changes, how did the changes affect your position in your organisation in the 2006-2012 period?

5. Looking back at the 2006-2012 period, what did you see as the outcomes of new public management? Can you give me some examples?

6. What were the good points? Can you give me some examples, please?

7. What were the problems (if any)? Can you give me some examples, please?

8. If there were problems, how could these problems be resolved at the policy level?

9. Tell me, how could these problems be resolved at the implementation level? And how could these problems be resolved at the Island Government, and the community levels?

10. In your opinion, what do you think did not change?

11. What would you have liked to see change?

12. What should stay the same?

13. Did the reform improve the public management system in the Cook Islands? Why do you say that? Can you give me some examples?

14. Are there any groups that you see as having become significantly disadvantaged by the introduction of the new public management system?

Why do you say that? Can you give me some examples, please?

15. Are there any groups that you see as having become significantly advantaged by the introduction of the new public management system? Why do you say that? Can you give me three examples, please?

16. What is your opinion of the new public management influences and the issue of outward migration of the Cook Islands people?

Why do you say that? Can you give me some examples, please?

17. Was outward migration an issue in the 2006 -2012 period? If so, why? If not, why not?

18. In your opinion, how would you like to see outward migration issue addressed?

19. From your perspective, how do you see the Cook Islands being able to sustain the new public management system? Why do you say that?

20. Looking back at 2006-2012 period, do you think the public servants understood how the new public management system operate? If not, why not. If yes, give me some examples.

What about other people in other sectors of the community, do they know how this system works? Why do you say that?

21. What is your opinion of the selection of Heads of Ministries and Heads of Crown Agencies? Were they impartial? If not, why not? If yes, why do you say that?

What about the appointment of other public servants by the Head of Ministries or Heads of Crown Agencies? Were their recruitment impartial? Why do you say that?

22. Some say, despite the on-going public sector reforms, there were no improved productivity in the public service. What is you view on this?

B. ISLAND GOVERNMENT SYSTEM

23. Looking back at the 2006-2012 period, what do you think the responsibilities of the Island Councils were?

24. Some people have discussed the role and the place of the Island Councils in the new public management system. What are your views on this issue?

25. Have there been any changes made to the Island Council System between2006-2012?

If so, what were they? If not, why not?

26. What can you tell me about what worked for the Island Councils in 2006-2012 period? What were they?

27. Can you tell me, what did not work for the Island Councils in 2006-2012 period? Give me three examples? Why do you say that?

28. Do you think these issues could be resolved? Why do you say that?

Tell me, how could these issues be addressed at the local government level?

What about, at the implementation level? And how do you see it resolved at the policy level?

29. What were some of the strengths of local government system which were incorporated into the new public management system during the reform? Can you tell me what were they?

30. What were some of the strengths of the local government system which could have been incorporated into the new public management system? And what were they?

31. If the new public management system was to be inclusive of the Island Council system what could have been done? Why do you say that?

32. What is your opinion on outward migration and the future of the Island Council?

33. Do you have other comments that you would like to add to this section of the interview?

C. THE ARIKI SYSTEM

34. In 1996 what do you think the responsibilities of the Ariki Chiefly System were?

35. In your own words, please describe to me how you see the working of the Ariki System in 2006-2012 period? Why do you say that?

36. In your opinion, have the strengths of the Ariki System been incorporated into the new public management system? Why do you say that?

37. Do you think the new public management system is anti-culture? Why do you say that?

38. Tell me, what is your opinion of the new public management system as anti-collaboration in the island communities? Why do you say that?

39. What is your view of the Ariki system as outdated and needed modification to fit into the new public management system? Why do you say that? Can you give me three examples, please?

40. Is there anything else you want to add to this section of the interview?

D. SYSTEMS OF GOVERNANCE

41. What are your thoughts on these different forms of governance that exist side by side in the Cook Islands?

42. What linkages do you think these systems have with each other? Give me some examples, please?

43. In your opinion, how do you see these different systems operate in 2006-2012 period?

44. How would you like to see these systems operate in the future?

45. Are there anything else you want to say about the multiple systems of governance in the Cook Islands?

Thank you very much for your time.

Appendix 6.   Consent Form

Consent Form

AUT
UNIVERSITY
TE WĀNANGA ARONUI O TAMAKI MAKAU RAU

For use when interviews are involved.

Project title: *Embracing Manageralism in a small Pacific island state: A study of the systems dynamics of government and the outcomes of new public management in the Cook Islands from 2006-2012*

Project Supervisor: Professor Peggy Fairnbairn-Dunlop

Researcher: Jonah Tisam

○   I have read and understood the information provided about this research project in the Information Sheet dated 26 June, 2012.

○   I have had an opportunity to ask questions and to have them answered.

○   I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.

○   I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.

○   If I withdraw, I understand that all relevant information including tapes and transcripts, or parts thereof, will be destroyed.

○   I agree to take part in this research.

○   I wish to receive a copy of the report from the research (please tick one): YesO   NoO

Participant's signature: ....

Participant's name: ....

Participant's Contact Details (if appropriate):

....

....

....

....

Date:

Approved by the Auckland University of Technology Ethics Committee on 13 August, 2012 AUTEC Reference number 12/184.

Note: The Participant should retain a copy of this form.

This version was last edited on 13 October 2010

Confidentiality Agreement

For someone transcribing data, e.g. audio-tapes of interviews.

Project title: Embracing Managerialism in a small Pacific island state: A study of the systems dynamics of government and the outcomes of new public management in the Cook Islands from 2006-2012

Project Supervisor: *Professor Peggy Fairbairn-Dunlop*

Researcher: *Jonah Nardu Tisam*

○   I understand that all the material I will be asked to transcribe is confidential.

○   I understand that the contents of the tapes or recordings can only be discussed with the researchers.

○   I will not keep any copies of the transcripts nor allow third parties access to them.

Transcriber's signature: ....……………………………………………………………

Transcriber's name: …..……………………………………………………………

Transcriber's Contact Details (if appropriate):

………………………………………………………………………………………..

………………………………………………………………………………………..

………………………………………………………………………………………..

Date:

Project Supervisor's Contact Details (if appropriate):

   Tagaloatele Peggy Fairbairn-Dunlop
   Foundation Professor of Pacific Studies
   Institute of Public Policy (IPP), Manukau Campus
   AUT University
   Private Bag 92006, Auckland 1142
   New Zealand

   Telephone: +64 9 921 9999 x 6203. Email: peggy.fairburn-dunlop@aut.ac.nz.

Approved by the Auckland University of Technology Ethics Committee on 13 August, 2012 AUTEC Reference number 12/184.

Note: The Transcriber should retain a copy of this form.

Appendix 8.   Survey Questions

SURVEY QUESTIONS

Kia Orana . . . .

I am studying the systems dynamics of government and the outcomes of new public management (NPM) under such a complex environment in the Cook Islands. And the period of my study is from 2006-2012.

1. What is your opinion of the System of Government that we have in the Cook Islands?

   (eg. The interrelationships between the Central Government Agencies, the Local Governments in the Outer Islands, and our traditional Ariki family based system?).

2. Some say, the 1995-96 public sector reform concentrated too much on the restructuring of the Executive Branch of Government (Public Sector /Crown Agencies structuring) but paid little attention to the Legislature (Parliament/Political structure), and the Judiciary System.

What is your opinion on this statement?

3. In your opinion, how do you see the Cook Islands Government structure in the 2006-2012 period? (This is the period of my study).

4. Were there any significant changes in government policy or legislative changes to structural adjustment in the 2006-2010 period?

5. How would you like to see the Cook Islands Government structure in the future?

6. It is 15 years since the economic reform in the Cook Islands. In your opinion, what were the significance **outcomes** of this reform?

 Please give me some examples (positive & negative outcomes, if any?)

7. Some say, the Ariki family based system is outdated and needs to be adjusted to take advantage of the rapidly changing global environment. What is your opinion on this issue?

8. The Cook Islands and New Zealand have a special relationship since 1965 where the Cook Islands is an 'Associated State' of the realm of New Zealand, and its peoples are New Zealand's citizens.

(a) In your opinion, what are the significant advantages and/or disadvantages with this relationship in a rapidly changing global environment?

(b) How would you like to see this special relationship evolve?

(c) How would you manage outward migration to New Zealand and other countries?

(d) How would you manage the influx of foreign labour into the Cook Islands' labour market?

9. Some say, the Cook Islands is rapidly shifting its social values from a homogenous society (Maoriness) to a multi-cultural society, as it takes in more foreign labour.

What do you say?

10. What is your understanding of the Aronga Mana?

(a) Who are these people? (What is its composition?).

(b) Does the church and the representatives of the NGOs part of the Arongamana in the outer islands?

(c) What about Rarotonga? Does the church and NGO part of the Aronga Mana on Rarotonga?

(d) When do they meet?

(e) Where do they usually meet?

(f) If an issue or the decision of the Aronga Mana is considered of grave public interest, how does this issue gets communicated to the central government?

For example, is it through the island council; is it through the House of Ariki?; is it through the Koutu Nui?; is it through the members of Parliament? Or other means?

11. Collectivism & Individualism

From my experience living among Cook Islanders over the years, I personally found Cook Islanders to be friendly, happy going, good natured and very helpful in their own ways; something that you don not find in individualistic societies. However, there is an underlying 'meanness' in a Cook Islander when you cross their paths. I found some traces of the general attitude of the Pasifika peoples in the Cook Islands, but I often wonder, if the people of the Cook Islands are not collective as claimed. If the Cook Islands Society is neither Collective nor Individualistic, then what is it?

a). Where do I place Cook Islanders under these two broad (papa'a) categories? [Are they collective or individualistic?]

In my work with the community (sports, cultural activities), the public service and in political offices, I have often asked 'why are Cook Islanders been mean to their extended families?' I was often told "we, Cook Islanders are like that!" Some called it 'tall-poppy syndrome' which had been written into island development plans. "We will always try to bring our family down or challenge them" were the comments. But I do not think this is unique only in the Cook Islands; its human nature, and traces can be found in many cultures. My two questions are:

b). Why do Cook Islanders compete amongst themselves rather than against other peoples or cultures? At the same time there are traces of cooperation and collaboration, particularly in the outer islands. So who are these people? What is their nature?

c). Is there an alternative classification for these types of cultural tendencies, as found in the Cook Islands?

I thank you very much for your precious time.

Whom do I contact for further information about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Professor Peggy Fairbairn-Dunlop, peggy.fairbairn-dunlop@aut.ac.nz. Telephone, +64 9 921 9999 ext. 6203.

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEC, Dr Rosemary Godbold, *rosemary.godbold@aut.ac.nz* , +64 9 921 9999 ext. 6902.

Researcher Contact Details:

My address and contact details are, as follows:

> Jonah Tisam, jtisam060@gmail.com. Telephone (Cook Islands) + (682) 56 532, New Zealand + (64) 022 696 8876 mobile or at the Institute of Public Policy Office, Mayoral Drive, Auckland + (64) 921 9999 ext. 6556.

Project Supervisor Contact Details:

> Tagaloatele Peggy Fairbairn-Dunlop
> Foundation Professor of Pacific Studies
> Institute of Public Policy (IPP)
> Manukau Campus
> AUT University
> Private Bag 92006, Auckland 1142
> New Zealand

Approved by the Auckland University of Technology Ethics Committee on 13 August, 2012 AUTEC Reference number 12/184

Appendix 9.   Extract of NSDP 2006-2010 Governance Strategy

GOAL: A SOCIETY BUILT ON LAW AND ORDER AND GOOD GOVERNANCE AT ALL LEVELS OF GOVERNMENT, INCLUDING OUTER ISLANDS, PRIVATE SECTOR AND LOCAL COMMUNITIES

STRATEGY	KEY OUTCOME TARGETS 2006-2010
PARLIAMENTARY AND WHOLE OF GOVERNMENT	

Improve the Parliamentary and whole of government compliance with the principles of good governance, including accountability, transparency, contestability and predictability in government decisions	• Parliamentary governance improved through the adoption and effective implementation of the Forum Principles of Good Leadership and Accountability by the end of 2007. *(Department of Parliamentary Services)*
	 • Delivery of services by public servants and their accountability improved by developing, adopting and enforcing a Public Service Code of Conduct under the Public Service Act 1995/96; *(Public Services Commission)*
	 • Whole of government management improved by end of 2008 by:
	  o reviewing the public service to assess the impact of the ERP and to determine how the public service could be strengthened. *(Public Service Commission)*
	  o reviewing and strengthening the Public Service Act 1995/96, Ministry of Finance and Economic Management (MFEM) Act, and the Public Expenditure Review Committee and Audit (PERCA) Act to ensure consistency and clear demarcation of roles and responsibilities. *(Ministry of Finance and Economic Management)*
	 • Government's financial management improved by:
	  o decisively acting on the recommendations of the Parliamentary Finance Audit Select Committee established to monitor and review the financial reports, and special audit reports, of the government departments, by 2007. *(Crown Law Office)*

OUTER ISLAND DEVELOPMENT	

Strengthen the Administration of the Outer Islands to meet the needs and aspiration of the people	• The administration of the Outer Islands reviewed in the context of the devolution of administrative functions of the Government to the Island Administrators and the elected Island Councils:
	  o strengthening good governance across all sectors and between the central government agencies, Outer Islands Administration and the Island Councils by 2008;
	  o developing a policy framework for the Outer Island Administration that minimizes conflict between different institutions and streamlines decision-making processes; and
	  o establishing appropriate institutional mechanisms to support effective delivery of services to, and in, the outer islands by 2010. *(Office of the Minister for Island Administration)*

PUBLIC FINANCE GOVERNANCE	
Improve accountability and transparency of public financial management	• By 2008, a response to all audit reports made publicly available within 30 days of their release outlining key recommendations from the report and specific actions to be taken by Government *(Audit Office)*

GOAL: A SOCIETY BUILT ON LAW AND ORDER AND GOOD GOVERNANCE AT ALL LEVELS OF GOVERNMENT, INCLUDING OUTER ISLANDS, PRIVATE SECTOR AND LOCAL COMMUNITIES

STRATEGY	KEY OUTCOME TARGETS 2006-2010
LAW AND ORDER	
Strengthen national justice system to meet the changing needs of law and justice in an environment of increasing globalization and international crime	• National Strategy for increasing the effectiveness of the Judicial system and the Cook Islands Police Force to address increasing, petty crime, white collar crimes, drug related crimes and e-crimes within the Cook Islands, developed and implemented by the end of 2007. *(Ministry of Justice)* • National Police Operations Review completed by late 2006 and the implementation of the findings commenced by early 2007. *(Police Department)*

Appendix 10. Extract of CINA Report on Governance

> 'To build a sustainable future that meets our economic and social needs in partnership with government, the private sector and local, regional and international stakeholders, without compromising prudent economic management, environmental integrity, social stability and the needs of future generations'.

The national vision is further reinforced by the following eight (8) guiding principles of the NSDP.

1. Sustainable Development Is A National Responsibility For All Cook Islanders
2. Democratic Principles, Basic Human Rights, Respect for Cultural, Religious and Ethnic Diversity And The Rule Of Law
3. Equitable Economic Development And Universal Access To Basic Health And Education And Environmental Sustainability Are Essential Prerequisites For Poverty Alleviation, Social Harmony And National Security
4. Special Needs of the Outer Islands and Disadvantaged Groups Are Recognized
5. National Development That Reflect Appropriate Regional And International Commitments
6. Good Governance Promoted Through Participatory Decision-Making Process At All Levels Involving Key Stakeholders, Including Community, Non-Government Organizations, and Government Agencies
7. Coordinated And Harmonised Access To, And Effective Use Of, National Resources And Development Partner Support From Bilateral, Multilateral Development Partners And Regional Organizations
8. International And Regional Foreign Relationships And Partnerships Must Be Based On Mutual Respect In The Interest Of The Cook Islands

These principles, together with the six priority areas identified during the 2003 National Development Forum (NDF), post-NDF consultations, the Cook Islands Constitution and regional and international commitments, have led to the formulation of nine (9) national development goals and strategies as illustrated in Annex 1.

The draft nine development goals were focused on the following priority areas :

- Good Governance,
- Human Development Programmes,
- Economic Development,
- Infrastructure, Utilities and Transport,
- Natural Resources and Environment
- National Coordination and Development Planning
- Cultural Diversity
- National Security
- International Relations.

NSDP Process

There are expected outcomes from the NSDP process which includes:[3]

- Policy directives – e.g. land legislation, political reform etc

[3] PMU (2003). Considerations for the NDS. Process Management Unit. MFEM/OPM. Government of the Cook Islands.

12

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[1] The term *Marae* is used as singular and plural in the Cook Islands Maori language to describe a sacred place of tribal worship and traditional rituals. For the purpose of this thesis the term Marae will be used as singular and plural in describing the sacred sanctuary of the tribes in the Cook Islands.

[2] 'Wantok system' literary means *"one language"* in Tok Pisin and refers to the language of a tribal group or a person who belongs to a tribe (see www.indopacificimages.com) "but it is much more than one language as it encompasses the basic philosophy of life for the people of Papua New Guinea…" (p.1). Wantok system is an 'ancient philosophy of reciprocity' which provides the social security network in a highly fragmented and fragile state of Papua New Guinea.

[3] Writers have referred to Makea Ariki as the Principal Ariki of Rarotonga because of its historical background where paramount chief Tangi'ia of Tahiti submitted to high chief Karika of Samoa (where Makea title descended from) when the two met at sea. In submission, Tangi'ia gave his daughter in marriage to Karika. Tinomana and Pa Ariki titles originate from paramount chief Tangi'ia and therefore, the Avarua chief, Makea is often referred to as the Principal Chief of Rarotonga (Rere, 1991; see also MFAI, 1998).

[4] The Pendleton Civil Service Reform Act (Ch. 27, 22 Stat. 403) of 1883 was a United States federal law that established the United States Civil Service Commission. This legislation placed most federal government employees on the merit system. This legislation marked the end of the so-called 'spoils system'. The legislation had set the basis for government jobs to be filled on the basis of competitive examination and merit based assessment. The initiative started during the Chester A. Arthur administration. It was in 'response to the assassination of President James Garfield by Charles Julius Guiteau'. "The Act was passed into law on January 16, 1883. This Act was sponsored by Senator George H. Pendleton, a Democrat senator of Ohio. It was written by Dorman Bridgeman Eaton, a staunch opponent of the patronage system who was later first chairman of the United States Civil Service Commission" (cited on 6 April 2014 from https://nz.answers.yahoo.com/question/index).

[5] The Human Development Index is defined as a *"statistical tool used to measure a country's overall achievement in its social and economic dimensions"* (The Economic Times, n.d., p.1). See also http://economictimes.indiatimes.com/definition/human-development-index.

7*Institutional economics* is a concept that is at times used in public management literature to refer to the three theories that comprise new public management (NPM). These are *public choice theory*, *principal-agency theory* and *transaction cost theory*. An amalgamation of *managerialism* with the three theories constitute New Public Management (NPM).

8 The term *Tivaivai* is often used interchangeably with *Tivaevae* in the Cook Islands (see Te Ava, 2011). The Cook Islands Maori word for tivaivai refers to patchwork of materials sewn into patterns which confirms what Kurchler & Eimke's (2009) referred to in their book, *Tivaivai*: *The fabric of the Cook Islands.* My investigation in this study confirms the differences in the definitions by two well- known Tivaivai makers; one a paramount chief (Ariki) and the other a high ranking head chief (mataiapo) and a known community leader and orator. The latter is also a member of my Community Advisory Committee (A1). As such I have decided to use the term *tivaivai* throughout this thesis to accurately describe the reconstruction of socio-cultural knowledge onto the material nexus (see also Kurchler & Eimke, 2009).

9 Tau'nga is an expert who is knowledgeable about a subject(s). *Tau'nga* in this study refers to a person (s) who possesses in-depth knowledge of the cultural traditions and practices in the Cook Islands. The metaphor used in the Cook Islands Tivaivai Research Model depicts the Tau'nga as the expert participant from which the researcher is seeking information, and interprets what was known, and said.

10 Central Agencies of Government in the Cook Islands are the core agencies responsible for the control of finance and economic planning, responsible for personnel management, coordination of policy functions, foreign relations, and provide legal advice. At the time of the study there are four core central agencies; the Ministry of Finance and Economic Management, Office of the Prime Minister, Office of the Public Service Commissioner and Crown Law Office. These were the core Agencies that formulate, monitor and control public policies. As the Cook Islands is a tourist oriented destination and its peoples are New Zealand citizens who are known to be mobile, the Ministry of Foreign Affairs & Immigration has increasingly played the role of a central agency.

11 Line Ministries are government agencies that are established under the order of the Executive Council by warrant and headed by a Minister and a Secretary. Almost every one of these entities operate under an Act of Parliament or are administered by a number of legislation as an entity under warrant. At the time of this study there were ten [10] Line Ministries beside the four Central Agencies which made up the fourteen [14] mainstream government organisations (see ADB, 2002).

12 State Owned Enterprises (SOEs) are corporations owned by the Cook Islands Government on behalf of the people of the Cook Islands in providing specialised services that the private sector is either unwilling, unable or being prevented by legislation to acquire interest because of its public nature. There are 6 listed SOEs at the time of this study.

13 The term Island Council is commonly used by people from the outer island communities to refer to their island representatives as 'councillors'. The terms Island Council and Island Governments are used interchangeably in the Cook Islands. The definition of Island Government is prescribed by law (see Island Government Act 2012-13) and frequently used in policy documents, however, people in the outer island communities continue to use the term island council (perhaps because of its historical name that had been established in 1969). These two terms will be used interchangeably depending on the context to take account of the preferences of participants when these terms were used in this study. There were 10 Island Governments at the time of the study. The three 'Vaka Councils' of the island of Rarotonga were abolished in 2007 (see Radio NZ International, 2007 October 11).

14 Public administration constitute the whole of government including the executive government, judiciary, public services, island governments, and Parliament but excludes non-state sectors that act in the name of 'public interest'. Under the NPM regime, the term Public Administration has gradually been replaced by terms such as governance and public management- to be inclusive and strategic, rather than following procedures and being compliant as government's objectives.

15 The *Maire Nui* festive season coincides with the Constitutional week where the people of the Cook Islands celebrate their cultural heritage through the works of art, songs and dances. This week long cultural celebration leads to the commemoration of Self-Government Day on 4 of August each calendar year.

16 The National Research Council (NRC) is a government funded research administrative agency in the Cook Islands that oversees research conducted in the country. Its main function is to protect the rights of the Cook Islands people in terms of what to research, the appropriateness of the research and for researchers to comply with research ethics set down by the Government of the Cook Islands. Its other functions include an advocacy role for the rights of the indigenous people being researched and the granting of permit to access public information and sensitive data that maybe collected by the researchers. In addition, the outcomes of the research is required to be placed with the Foundation for National Research (FNR) on behalf of the Government and the people of the Cook Islands.

17 The word *Mana* in Cook Islands Maori refers to authority (legal, moral, religious) and the powers, rights, prestige and respect which confers to a title holder such as an Ariki (adopted from Maori.org.ck).

18 Mataiapo is the traditional title of head chiefs of a sub-tribe accorded to the head of the family of the elder line of an Ariki of an Island or districts of Rarotonga in the Cook Islands. The gathering of the Mataiapo, Rangatira and Kavana (Mangaia) in decision-making is referred to as the Koutu Nui (royal court). The Koutu Nui was established by an amendment to the 1966 House of Ariki Act in 1972.

19 Devolution is a term used to describe the transfer of decision-making powers from central government to peripheral agencies such as Line Ministries, Crown Agencies and Island Governments.

[21] Ui Ariki is a descriptive reference made to the recognition of paramount chiefs of a tribe in the Cook Islands. The gathering of the Ui Ariki titleholders is known as the Assembly of the House of Ariki, whereas the gathering of the Ui Mataiapo, Ui Rangatira and Ui Kavana is referred to as the Koutu Nui.

[22] In 2011 the Cook Islands Government was embarking on the establishment of a Marine Park in its Exclusive Economic Zone (EEZ). As a result it had consulted with stakeholders of the proposed venture. Included in the working committee were Government Agencies, Private Sector Representatives, Civil Society, the House of Ariki and the Koutu Nui.

[23] Government Representatives (GRs) in the outer islands are political appointees representing the Executive Government in the Island Council. GRs report directly to the Office of the Prime Minister. Government Representatives positions were the remnants of the pre-reform period and continued to survive in the new era. Attempts to dislodge these positions met resistance from both sides of the Parliament (both Government & Opposition) so the position remain intact.

[24] CIP represents the Cook Islands Party whereas Demo represents the Cook Islands Democratic Party. These are the two major political parties in the Cook Islands. Historical records showed new and smaller parties often survive for a couple of years then disappear.

[25] Line Ministries are core implementing agencies of government policies. These entities are established by law to carry out government's core functions. They are separated from Central Agencies who monitor policy outputs and coordinate policy development. Line Ministries have over the years, provided policy advice as well as developing and implementing these policies. Their multiple roles have raised questions of "conflict of interest" in the Cook Islands.

[26] Rangatira is a traditional title accorded to lesser chiefs or the heads of the younger family lines of an Ariki in the Cook Islands. The Rangatira, Mataiapo and Kavana are members of the Koutu Nui (See House of Ariki Amendment Act (no.7), 1972).

[27] HRD stands for Human Resource Development. The full title of this agency was the Department of National Human Resource Development (DNHRD). The initials are used interchangeably but for the purpose of this thesis HRD will be used. The Department was merged with the Ministry of Education in 2012 and is now part of the Cook Islands Tertiary Training Institute (CITTC).

[28] Land is allocated to family members upon request. There were cases where individuals acquire family lands but depart overseas, leaving their lands vacant for long period of time. 'Absentee landownership' has become problematic as valuable lands for development are left vacant. The vacant family lands could not be taken back as families respect their own, and reserve these lands indefinitely for those that have gone overseas for long period of time, creating acute shortage of land under the customary land tenure system (see Crocombe, 1964).

[29] Kaikai in *Te Reo Maori* (the Cook Islands Maori language) means to eat or to feast.

[30] The Pa Enua Local Government Act is used interchangeably with the Island Government Act. In the drafting stage of the 2012-13 Island Government Act changes were made to the Pa Enua or Local Government draft bill 14 times. In the end, Government settled for the name *Island Government Act* but the documents supporting the establishment of the local government regime retained the name Pa Enua Local Government (PELG) which appears in the reference.

[31] There was a report on Electoral Boundaries which could lead to the fair representation of the Members of Parliament representing each island. The report was commissioned by Government and compiled by Terry Hagan (Former Secretary of Justice & Lands) and Taggy Tangimetua (Chief Government Statistician). I personally went to Taggy to ask for the report but due to the sensitive nature of the report I wasn't allowed to view or photocopy this document. Nevertheless, a number of participants did mention the existence of this report in the interviews which subsequently appear in the contents of this thesis.

[32] LMS stands for London Missionary Society. These group of protestant Christian Missionaries were the first to convert the Cook Islands people to Christianity in the 1800s. The Cook Islands Christian Church (CICC) originates from LMS.

[33] The reference relates to a page and half note attached as a cover over the 2004 version of the 1965 Cook Islands Constitution. The note was written by the Crown Law Office to explain the Constitutional position of the Cook Islands in regards to its 'special relationship' with New Zealand over time.

[34] It must be noted that the people of the Cook Islands still align themselves with their tribal origins or their 'family lines'. For example, "*Historically, you were either Takitumu or Puaikura or Teauotonga. Or Ngati Napa or Ngati Arera or Ngati Kainuku*" (S1).

[35] As explained in note 13, the terms Island Governments, Island Councils and Island Administrations are often used interchangeably but they are not the same. The term island council has been used long before the term island government was introduced but these two terms have since been used interchangeably. Island Government is the official name enacted in the 2012-13 Act. The term Island Government is often referred to the whole of Government in the islands to include Island Councils and Island Administration. On the other hand the term Island Administration refers only to the administration of the island, headed by an Island Secretary who is appointed by the Public Service Commissioner. The incumbent operates outside the control of the Island Council but collaborates with them through a Memorandum of Understanding (MOU). Island Governments refer to the organisation of the elected representatives of an Island comprise of a Mayor and elected members.

[36] The nine Crown funded stand-alone agencies are: Business and Trade Investment Board, Financial Intelligence Unit, Financial Services Development Agency, Cook Islands Investment Corporation, Cook Islands Pearl Authority, National Environment Service, National Heritage Trust Agencies, Cook Islands Tourism Corporation, and the Cook Islands National Superannuation Fund (Yeoman & Numanga, 2011, p. i).

[37] Stakeholders to include civil servants, the private sector, civil society, policy designers, policy implementers, and non-government organisations (NGOs) of the Cook Islands.

[38] The Executive Government under the Westminster System is one of the three arms of Government. The others are the Legislature and the Judiciary. In this case the Executive Government is the composition of Ministers of the Crown (and backbenchers) led by a Prime Minister who commands the confidence of the majority of the Members of Parliament (MPs). Besides other function of the Executive arm of Government, this branch controls the public service.

[39] The Cook Islands Financial Year ends on 30 June each calendar year. Calendar year refers to the twelve months period, starting 1 January and ending on 31 December each calendar year. The Cook Islands' Financial Year starts on 1 July and ends on 31 December each Calendar year.

[40] The per capita GDP is calculated by dividing the value of GDP in the year it was measured over the total number of population. In this case GDP measured in 2008 is divided over the total number of population to arrive at $13,648 per capita GDP.