

UNCLASSIFIED

solomonleonard



Final Report

January 2014

Pitcairn Island Economic Review

Prepared by Rob Solomon & Kirsty Burnett
Solomon Leonard Ltd
Wellington, New Zealand

UNCLASSIFIED

ABBREVIATIONS

CFMT	Compagnie Francaise Maritime de Tahiti
EDF	European Development Fund
EEZ	Exclusive Economic Zone
EU	European Union
MOU	Memorandum of Understanding
NZ	New Zealand
PIC	Pitcairn Island Council
PIO	Pitcairn Island Office (Auckland)
PIPCO	Pitcairn Islands Producers Cooperative
RSPB	Royal Society for the Protection of Birds
SDP	Strategic Development Plan
SPC	Secretariat of the Pacific Community
UK	United Kingdom
UKG	United Kingdom Government

Currency Equivalents

NZD = New Zealand Dollar. All figures in NZD unless otherwise stated.

Conversion rates used:

EUR to NZD = 1.6641

GBP to NZD = 1.9700

USD to NZD = 1.2095

Financial Year

1 April – 31 March

Table of Contents

EXECUTIVE SUMMARY	i
I. BACKGROUND	1
A. Introduction	1
B. Desk-based Economic Report.....	2
II. CURRENT SITUATION	3
A. General	3
B. Governance	4
C. Strategic Development Plan	6
D. Population	7
E. Immigration	9
III. FISCAL SITUATION	11
A. Investment Fund	11
B. Annual Surplus/Deficit	12
C. Government Revenue	13
D. Government Expenditure	17
E. Donor Support.....	22
IV. PITCAIRN ECONOMIC DEVELOPMENT POTENTIAL.....	25
A. General	25
B. Tourism.....	25
C. Fishing	29
D. Marine Reserve.....	31
E. Apiculture	32
F. Other Activities.....	33
V. ISLAND ACCESS	34
A. General	34
B. Shipping Services	34
C. Wharf/Landing.....	35
D. Airstrip.....	36
VI. LONG TERM OUTLOOK	38
A. Demographic Trends.....	38
B. Immigration	39
C. Diaspora Survey Key Findings	41
D. Island Capability.....	42
E. The Economy and Aid Dependency	43

Attachment 1: Terms of Reference

Attachment 2: Document References

Attachment 3: Fiscal Tables

Attachment 4: Economic Tables

EXECUTIVE SUMMARY

Economic development is a function of the resources that are available – land, sea and human; and these combined with access to markets and governance capability determines economic outcomes. Land on Pitcairn is rugged and not suited to larger-scale commercial agriculture production. The sea provides fish for personal consumption, but large scale commercial fishing is not viable. Human resources are limited, a function of a small and aging population base. Pitcairn is extremely isolated, thus impacting access to markets and wider participation in the international economy.

Pitcairn Islands has supported population levels up to 200 people living within their means, but over the last 30 years the resident population has been less than 60 people. The SDP promotes an ambitious 60 percent growth target for population (80 people by 2016), while the island's more recent Immigration Policy (2013) is less ambitious focusing on maintaining the status quo of 50 persons over the next five years. With a virtually zero birth rate coupled with high out-migration and an aging population, it will be a challenge to maintain this status quo number.

As the target of five immigrants as set out in the Immigration Policy has not been met in 2013, the PIC is already on the back foot. This means that the target for 2014 is now nine immigrants.

A fundamental issue for Pitcairn Island is the small and declining numbers of the productive population. Within seven years, a third of the current productive population will have reached 65 years of age and become pensioners.

The current Pitcairn Island dependency ratio (those under 18 and over 65 compared to the productive population) stands at 58 percent. The issue for Pitcairn Islands is that the ratio is trending in the wrong direction and by 2025 it will be over 100 percent. At this point there will be more pensioners than productive-age persons. This negatively impacts on economic production and health care requirements.

The Pitcairn Island's Strategic Development Plan (SDP) 2012-2016 is an aspirational document that is ambitious and not adequately prioritized or fully costed and does not account for implementation capacity and capability. The mapping of human resources and skills available versus required skills needs to be undertaken and a human resources plan for the SDP developed. The sequencing of actions and the implications of delays should be set out and carefully managed. Any successful implementation of SDP activities will require PIC to provide strong leadership and management.

The recent Diaspora Survey identified three critical barriers to Diaspora returning to Pitcairn, specifically the issues around the history of widespread child sex abuse, acceptance of outsiders and new ideas, and island accessibility. All three barriers are interconnecting as their associated issues are complex and manifest in differing forms. There is a clear reluctance of Diaspora (especially in NZ) to publically identify

themselves as Pitkerner. There are also divisions amongst the Diaspora and between the Diaspora and on-island community.

Mechanisms to address an internationally sullied reputation and community divisions need to be found, otherwise any form of immigration and increased investment efforts are futile.

The Diaspora Survey did not identify any person with serious intent to return to Pitcairn permanently. The Diaspora in general are not an affluent group, readily in a position to take risks or make investments, but it is possible some may respond in modest ways to pre-prepared business propositions. PIC needs to play a leadership role to develop SDP implementation proposals that Diaspora could respond to through providing labour, materials, or finances.

In reality, no-one will migrate to Pitcairn Islands for purely economic reasons as there are limited government jobs, a lack of private sector employment, as well as considerable competition for the tourism dollar.

For more than five years, tourism has been promoted as the key sector that has the development potential to generate increased economic self-sufficiency and reduce the annual budget deficit. The Tedside alternative landing project is projected to increase the number of cruise ship passengers landing on-island by 40 percent. To fully capitalise on this will require a commensurate increase in tourism-related economic activity for Pitkerners to realise this income potential. This will become increasing difficult over time with an aging and declining productive population.

The current Pitcairn Island Council plan for Tedside to use on-island labour will create conflict with fulfilling other island obligations. In addition the use of on-island labour increases the construction timeframe and defers the realisation of the economic contributions from Tedside. The decision also means that an opportunity to bring in an able-bodied transient population is lost.

Short-stay tourists (from the *MV Claymore*) also bring in accommodation income on-island. However the cost and time taken to visit Pitcairn is a barrier to normal tourism markets.

Although Pitcairn has a large exclusive economic zone past studies have shown that fish stocks are low and that combined with the distance from market makes it less attractive than other Pacific fisheries. Studies have looked at commercial export opportunities for Pitkerners to pursue but the financial return and associated risks make this less attractive to other tourism economic related opportunities.

The United Kingdom Government funded apiculture project has been a success story. However, it has met its capacity with regard to production levels so an increase in returns for producers will need to come through increased pricing into niche markets.

Since 2005 the Pitcairn economy has become highly aid dependent, both through direct budgetary support, and subsidies for day to day living.

Historically, Pitcairn's main revenue has been derived from philately, but worldwide sales are declining due to an aging and decreasing collector market. Other revenue sources include coins, domain names, and landing fees. Of all these sources only landing fees is likely to increase in the future following the completion of the Tedside harbour development. However, this potential income is less than one percent of the current fiscal deficit.

Domestic revenue represents five percent of the Pitcairn Government's finances and given the demographics this will only decline. Tax issues have been raised on numerous occasions and although this could increase revenue the island would not be able to raise enough from taxation to significantly impact the budget deficit problem. More importantly taxing a declining and aging population will have a negative impact on the community.

Government expenditure has increased five-fold since 2005. The main components of government expenditure include the shipping service, community services (including expatriate staff) and the Pitcairn Island Office.

Opportunities exist in the medium term to cut back community services expenditure as the requirement for some expatriate positions will no longer be required. However medical service costs outweigh any gains made as the population ages.

The shipping service is heavily subsidised. With the increasing price of oil it is likely costs will rise in the future. As the largest component of the budget the shipping contract should be reviewed with regards to the most efficient means of meeting obligations to the island.

Based on current socio-economic conditions, there is little opportunity to raise revenue significantly in the foreseeable future, in fact there is a higher risk that revenue may fall. The level of budgetary aid is expected to grow in the foreseeable future as shipping and health care costs increase.

UK Government budgetary aid to Pitcairn for the foreseeable future is here to stay. In 2012/13 budgetary aid totalled \$5.5 million, over NZ\$100,000 per Pitkerner.

I. BACKGROUND

A. Introduction

1. The Pitcairn Island group comprises four islands, Pitcairn, Henderson, Ducie and Oeno located in the South Pacific Ocean. It is the only remaining United Kingdom (UK) Overseas Territory in the Pacific. Only Pitcairn Island is inhabited and the population peaked at over 200 people in the 1930s and has dropped to under 60 residents since 1980. Pitcairn currently has a resident population of 49 Pitkerners¹ and a number of temporary-residents including the Governor's representative and essential technical staff.

2. Until the early 1990s Pitcairn was economically self-sufficient with the primary source of income from the profits from the sale of postage stamps and interest earned from the Pitcairn Island Investment Fund². However, the collapse of the Investment Fund and a significant increase in expenditure commitments has left the island financially dependent on UK budgetary aid since 2004.

3. Under the new Constitution³ the role of the Pitcairn Island Council (PIC) was established to manage internal affairs. The PIC has developed a Strategic Development Plan (SDP)⁴ which sets out the views and aspirations for the socio-economic development of Pitcairn. This is largely based on immigration, investment, and growing the economy through increasing tourism and small business development.

4. The lack of human resources creates challenges for the socio-economic development of the island. To address this problem the PIC has developed a new Immigration Policy⁵ that seeks to maintain the population of the island. In taking forward the Immigration Policy, the PIC wishes to reach out to the Pitcairn Diaspora to encourage some of them to return, whether permanently or through cyclical migration. With this in mind the consultants were engaged to undertake a Diaspora Survey⁶ and desk-based Economic Report.

¹ November 2013, this number fluctuates as residents are sometimes off-island for extended periods of medical treatment or holidays.

² The Fund was managed by Crown Agents, UK

³ The Pitcairn Constitutional Order 2010

⁴ Pitcairn Islands Strategic Development Plan 2012-2016

⁵ Government of Pitcairn Island Immigration Policy 2013

⁶ Pitcairn Island Diaspora Survey Report, January 2014, Solomon Leonard, Ltd

B. Desk-based Economic Report

5. The PIC is seeking information on the current condition of the Pitcairn economy, the potential for economic development, and future scope for reducing dependency on United Kingdom Government (UKG) budgetary aid. This desk-based Economic Report⁷ was commissioned to inform the PIC and the UKG of these issues. The Report objectives include the following:

- (i) A review of existing economic analysis to date and consideration of the opportunities and/or constraints affecting future economic development and sustainability of the island.
- (ii) An analysis of how the demographics would affect the island's economic status and potential up to 2045 based on current trends and possible variations.
- (iii) An assessment of what level of community the island could potentially accommodate, setting out the infrastructure, resource and financial implications.
- (iv) An assessment of Pitcairn's economy and the potential for reducing aid dependency and identifying opportunities for increased income from existing streams and any viable alternative income streams along with the likelihood of success of these including a cost/benefit analysis of the economic scenarios.

6. The consultants undertook the following activities:

- (i) A literature review⁸ of written material obtained from UKG, and the Pitcairn Island Office (PIO) in Auckland;
- (ii) Analysis of the results of the Diaspora Survey⁹; and
- (iii) Further desk-based research into relevant websites, donor and regional agencies reports, and reference to other Pacific small island states.

7. The consultants attended an initial briefing at the PIO on 27 September 2013 in Auckland.

⁷ Refer Attachment 1, Terms of Reference

⁸ Refer Attachment 2, Document references

⁹ Refer Pitcairn Islands Diaspora Survey, Solomon Leonard Ltd, 2013

II. CURRENT SITUATION

A. General

8. The Pitcairn Islands are a group of four small volcanic islands, Pitcairn, Henderson, Oneo and Ducie, situated in the South Pacific Ocean approximately mid-way between New Zealand and the Panama Canal. Pitcairn Island, the only inhabited island, is 3.2km long by 1.6km wide and is characterised by an extremely rugged volcanic landscape, surrounded by steep high cliffs making access from the sea difficult. The inhabitants are mostly descendants of the mutineers of *HMS Bounty* and their Tahitian companions. Mangareva in the Gambier Islands of French Polynesia, lying approximately 480 km west of Pitcairn, is the nearest inhabited island.

9. There is no safe harbour or anchorage and the difficult access has limited economic development. There is one landing place, Bounty Bay, but visiting ships stay off shore to avoid the surf, and freight and passengers come ashore on the island's long boats. Adamstown is the original and only settlement on the island, accessible from the landing site at Bounty Bay via the Hill of Difficulty.

10. The isolation of the island also makes the community vulnerable to infectious diseases carried onshore by visitors and also poses a problem for emergency medical attention beyond the scope of the current facilities. Medical evacuation procedures depend on availability of transport within the vicinity of the island and it is not unusual to "flag down" a passing container ship or yacht for emergency transport to Mangareva.

11. The population of Pitcairn has been around 50 persons for the last 30 years. There are currently 31 able-bodied persons (aged 18 to 64) on island engaged in 82 part-time government roles employing 31 adults. While there is no formal taxation, historically all inhabitants between the ages of 18 and 65 were expected to perform public work each month.

12. The cash economy of Pitkerners is based on local government jobs, homestay tourism, apiculture exports, and the sale of fish, fruit, vegetables and handicrafts mainly to passing cruise ships and yachts. In recent times the sale of curios and handicrafts via the internet has been a new source of income. Subsistence agriculture and fishing are also important activities on the island. Historically, a large part of the internal economy of the island was based on barter, shared labour and subsistence fishing and gardening. There are no figures available for the economic value of such activities.

13. Members of the Pitcairn Island community have always expressed their determination to remain on the Island, and to preserve their ability to live as an economically self-sustaining community. The islanders have a stated aim of attracting back members of Pitcairn's dispersed population, as an important step to help them build a strong and more resilient community.

B. Governance

14. Pitcairn is Britain's most isolated Overseas Territory and the last remaining one in the Pacific. Today the British High Commissioner to New Zealand is appointed concurrently as Governor (non-resident) of Pitcairn and is assisted by the PIO. A UKG diplomatic officer (Governor's Representative) resides on the island and acts as a link between the Governor in Wellington, the Deputy Governor (Auckland based), the PIO and the PIC.

15. The UKG has stated its commitment to safeguarding the development and continued security of the Overseas Territories¹⁰ and has made repeated political commitments to meet the reasonable assistance needs of the territories since the 1970s. The UKG's responsibilities to the Overseas Territories¹¹ are stated as:

- To meet the territory's reasonable assistance needs for public services;
- To accelerate the territory towards economic self-sufficiency; and
- To manage the risk of contingent liability.

16. The UKG, in consultation with the Overseas Territories and other stakeholders, has developed a strategy of re-engagement to help meet the challenges and the opportunities of the 21st century¹²:

- strengthening links between the Overseas Territories and the UK;
- strengthening governance; and
- enhancing support to the Overseas Territories.

17. Under this strategy the UKG remains committed to providing assistance to Overseas Territories in need and to supporting developments which will reduce aid dependency.

18. A revised Constitution Order in March 2010 represents a 'modern partnership' between the UKG and the island¹³. This resulted in a Government restructure which devolves operational responsibility for local governance to the community. It also aimed to develop an economic model that created better standards of living, encouraged repopulation, improved infrastructure and communications, better access and diversity of economic livelihood.

¹⁰ UK statement to the UN 4th Committee on Non-Self Governing Territories in October 2010.

¹¹ DFID Overseas Territories Operational Plan 2011-2015 and FCO White Papers on the Overseas Territories, 1999 and 2012.

¹² The Overseas Territories: Security, Success and Sustainability, FCO White Paper, June 2012

¹³ Foreign and Commonwealth Office, 2010

19. As part of the reform process, new policies and procedures were introduced in line with the principles of good governance¹⁴ and the allocation of increased responsibilities to the PIC. The new Constitution also incorporates: (i) issues related to human rights based on the European Convention on Human Rights; (ii) the new role of an Attorney General; and (iii) right of appeal to an Ombudsman.

20. The internal affairs of the island are run through the PIC, whose members are elected annually from the resident community. The PIC consists of the Mayor, Deputy Mayor, five Councillors, and the Governor's Representative who sits on Council as an ex-officio member. The Governor and Deputy Governor are also ex-officio members. The PIO provides administrative and financial support.

21. Actual on-island operations are supervised by four Divisional Managers who report monthly to the PIC through Council appointed portfolio holders who are responsible for supervising divisional performance. The main responsibilities of each division are briefly summarised as follows:

Community Development Division

22. This Division exercises general oversight of health, education, policing, social welfare and child safety (11 salaried positions). The division includes an expatriate policeman, Family & Community Advisor, teacher and doctor. The Divisional Manager has no direct authority over expatriates or their budgets.

Natural Resources Division

23. This Division exercises general oversight of the preservation and conservation of the natural environment including bio-security, quarantine, natural resource management, weather observation, promotion of local agricultural production/export and the land court (11 salaried positions).

Finance & Economics Division

24. This Division exercises general oversight of the administration of finances on the island including the Government Treasury Department and Island Auditor, Tourism Board, Post Office, and the Cooperative Store (13 salaried positions).

Operations Division

25. This Division exercises general oversight of engineering works, maintenance and cleaning, electricity generation and distribution, telecommunications, infrastructure and machinery, building inspection, and technical training (39 salaried positions).

¹⁴ UK Government White Paper, 1999

C. Strategic Development Plan

26. The SDP summarises the views and aspirations of the Pitcairn Islanders, and provides for the active support of the UKG and other interested international stakeholders. There are four main Action Plan components: (i) immigration and re-population; (ii) infrastructure development; (iii) tourism development; and (iv) shipping service.

27. The main objectives of the Plan are:

1. Promote immigration and re-population, bringing people with necessary skills and commitment to Pitcairn.
2. Implement committed and proposed infrastructure development programme, with all the necessary infrastructure requirements to support immigration.
3. Encourage and promote increased tourism development – stay over visitors and landings of cruise ship passengers.
4. Encourage private sector development based on tourism and small scale exports.
5. Promote options to improve the shipping service in terms of availability and pricing.
6. Improve good governance and organisational practices on Island, based on increased self-reliance, transparency and accountability.
7. To improve law and order practices and procedures to ensure a fair and equitable society.
8. Provide for realistic and reasonable employment, social welfare, health and education needs of the community.
9. Promote and sustain effective and affordable environmental protection and conservation.
10. Ensure more realistic development of agriculture and fisheries resources that focus on increased self-reliance and sustainability.
11. Consolidate and develop partnership with UKG and relevant international organisations.
12. Ensure sound on-Island financial practices and procedures, with focus on reasonable community contribution to public revenue requirements and realistic reduction in annual budgetary aid.
13. Establish effective and appropriate monitoring and evaluation function.

28. The SDP is ambitious in nature and not prioritized. While financial implications are provided, the basis for their calculation, source of “agreed” funding, implication of delays in funding availability and/or implementation and other variables are not included (and perhaps not known). It is unclear as to whether key donors, European

Union (EU) and UKG, and other support agencies have the appetite to provide assistance to the level expected or required. This needs to be verified and documented, at least indicatively.

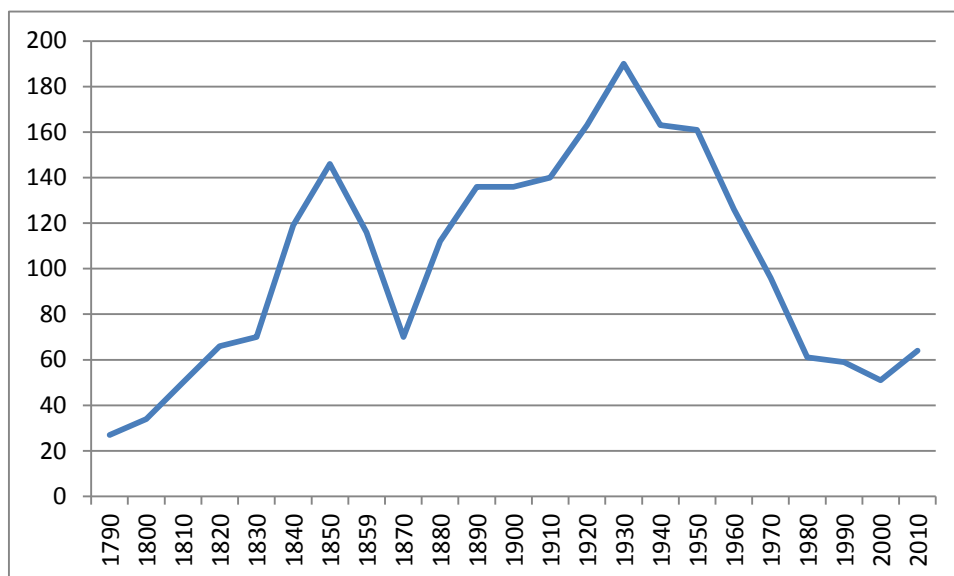
29. In addition Pitcairn's limited human resources capacity and capability means that fulfilling the SDP's potential will require additional human resources. The mapping of skills available versus required skills needs to be undertaken and a human resources plan for the SDP developed. The sequencing of actions and the implications of delays needs to be set out and carefully managed.

D. Population

30. Pitcairn's population experienced steady growth for the first 50 years from the time of settlement (see figure 1 below). In 1831 Pitkerners attempted to resettle in Tahiti but after 12 Pitkerners died there, they returned to Pitcairn later that year. In 1856 all 193 Pitkerners immigrated to Norfolk Island but 16 of them returned to Pitcairn the following year followed by a further four families in 1864. The population steadily grew until its peak in the mid 1930s.

31. Pitcairn's population began to sharply decline in the period around World War 2. This can be attributed to several islanders serving in the armed forces and young men becoming attracted to improved economic status opportunities off-island, particularly in New Zealand (NZ). The loss of men and women in the prime years of life has been an on-going issue since the war. By 1980 the population had declined to around 60 people.

Figure 1: Population 1790-2010 (at 10 year intervals)



Source: Wikipedia

32. The resident population at the end of 2013 of 49 Pitkerners is spread across 23 households. There is also a non-resident population including Governor's representative, doctor, teacher, police officer, and family and community adviser, and their partners, who are generally on one-year contracts (currently 7 people or 14 percent of the population).

33. It is worth noting that it is rare for the 49 residents to be all on-island at the same time as it is common for several residents to be off island for varying lengths of time and reasons, for example, visiting family, medical reasons and attending international conferences. At the beginning of November 2013 approximately seven of the residents were known to be off-island.

34. Table 1 below sets out the age groups within the Pitkerner population. Pitcairn Island has an ageing and declining population with a current dependency ratio of 61 percent. There have been no births for the past three years and it is unlikely there will be further births from amongst the current resident population. There are 10 pensioners (20 percent of total population) on island, four of whom are over 80 years old. An aging population will require more aged-care assistance and health services.

Table 1: Pitcairn Population by age & gender

Age group	Males	Female	Total residents
0-17	3	5	8
18-40	4	3	7
41-64	13	11	24
65+	3	7	10
Total	23	26	49

Source: Pitcairn Island Office

35. Once young people move to New Zealand for education their ambitions increase and they rarely return. Job opportunities on Pitcairn Island are few, and this along with the infrequent and expensive transport makes it difficult to return on a regular or permanent basis. This creates a barrier to workforce planning to cater to any potential economic development.

36. The current labour force consists of 31 able-bodied persons, 17 males and 14 females aged between 18 and 64 years of age. Of these 31 it is worth noting that 18 are over the age of 50, with only three in their 20s, and four in their 30s.

37. Most of the men undertake the more strenuous physical tasks on the island e.g. crewing the longboats, cargo handling, operation and maintenance of physical assets.

Longboat crew retirement age is 58 years of age¹⁵ and while not restricted to males, women do not presently work as longboat crew. There are currently 12 men aged between 18 and 58 residing on Pitcairn. Each long boat requires a minimum crew of three and of the current four men operating in the highly skilled role of longboat coxswain, two are in their late 50s.

E. Immigration

38. As outlined above the Pitcairn SDP has immigration and repopulation as a main component. The population target is specified as “island population to reach 80 persons by 2016”. Under the SDP two risks and uncertainties associated with immigration were acknowledged:

- (i) We acknowledge that the immigration policy may not guarantee an overall increase in resident population. This is primarily due to the aging demographics, and the potential of our children emigrating. However, to address these risks, within the draft immigration policy we intend, to not narrowly focus upon only increasing a resident population, but to broaden our vision to encompass and attract a transient population.
- (ii) Should immigration be unsuccessful, and the population numbers either decline or with the aging demographics (and therefore loss of workers) a restructuring of jobs will have to occur to manage, control and facilitate the reduction to essential services and infrastructure with a view to supporting those who chose to remain living on their home Pitcairn Island.

39. In March 2013 the PIC ratified its Immigration Policy. The Policy refers to immigrant numbers required to maintain the status quo population (refer table 2 below) but does not refer to the growth target of 80 persons by 2016. It does identify the preferred skill sets and also provides information on a range of subjects including education, health, jobs, land, accommodation, children, child allowances and loans. Immigration options are permanent residency, working visas and business investment.

Table 2: Pitcairn Immigrants targets

	2013	2014	2016	2018	2020
Total immigrants	5	4	0	3	3
Child immigrants	2	2	0	2	1

Source: Immigration Policy 2013

¹⁵ Immigration Policy 2013

40. Unfortunately, the PIC is already on the back foot as the target of five immigrants (3 adults, 2 children) has not been met in 2013 and this will now need a much greater effort in 2014.

41. There are two sources of potential immigration; Diaspora returning and new immigrants. In December 2012 an Immigration portal targeting new immigrants was established on the Government of Pitcairn Island website¹⁶. In September 2013 a Diaspora Survey was commissioned to ascertain Diaspora interest in returning (refer chapter 6).

42. Over 550 enquiries have been logged into the Government of Pitcairn Islands website database. All enquiries are responded to with a form e-mail from the PIC immigration officer. There is also Q&As that potential immigrants can read on the website.

43. To date there have been no complete formal applications logged from potential immigrants through this source. Without further investigation it is difficult to determine the exact reason for this, but in order to progress immigration possibilities greater effort to understand and then nurture these initial enquires is needed. This is undoubtedly very time consuming and thus may require dedicated capability.

44. To reach the SDP target total population of 80 people by 2016, actually requires 35 new immigrants (to account for children leaving) and assumes no additional outward migration. Furthermore as with any international migration not all immigrants will become permanent residents, so to achieve 31 new residents will require targeting at least double that number. Also, those with working visas are temporary and thus would need to be regularly replaced. Historically there has been limited business investment and it is unlikely that this avenue will lead to any immigration.

45. The focus in the Immigration Policy on maintaining status quo and lack of any reference to population growth targets almost suggests a resignation to the fact that the SDP target of 80 residents by 2016 is unachievable.

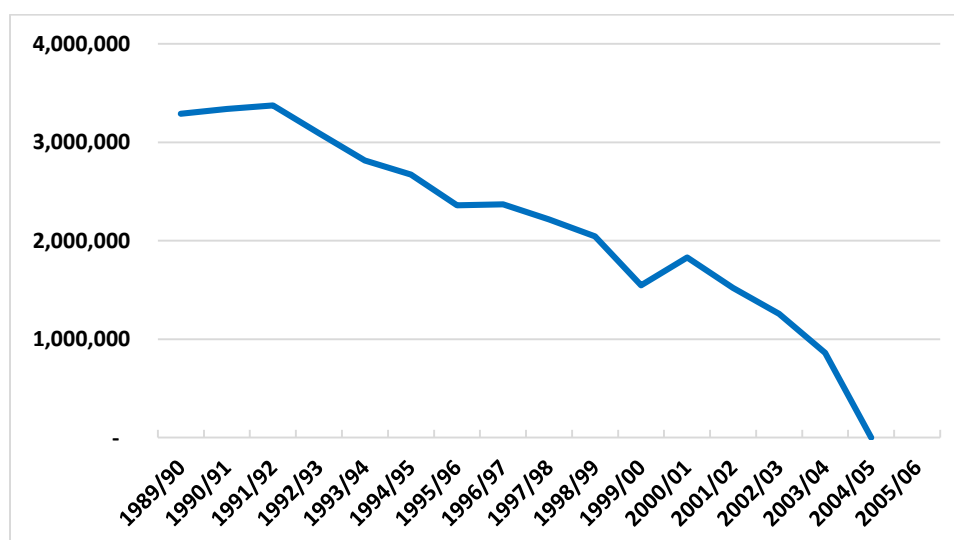
¹⁶ Refer <http://www.immigration.pn/>

III. FISCAL SITUATION

A. Investment Fund

46. For many years Pitcairn was able to finance its essential needs from its profits from its sales of stamps. Profits were invested in the Pitcairn Island Investment Fund¹⁷ and interest drawn down to help meet expenditure requirements. The Fund financed the costs of administration, including the provision of a teacher on the island, and to support off-island medical treatment where this was approved by the PIC. Pitcairn was in a relatively healthy financial position at the beginning of the 1990s with revenues from the sales of stamps helping push the Fund to a high of \$3.4 million by 1991/92 (refer Figure 2 below).

Figure 2: Pitcairn Island Investment Fund



Source: Pitcairn Island Government Audited Accounts

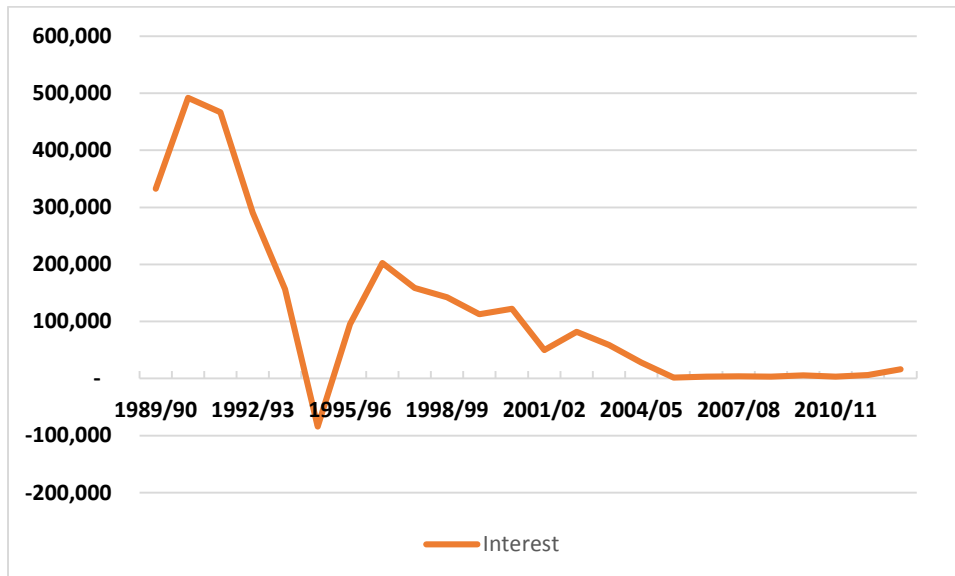
47. Returns on the Fund averaged 12 percent in the early 1990s but in 1993/94 this halved to 5.6 percent and the return was negative in 1994/95 (-3.2 percent). For the next five years the returns were positive again but at a much lower level (6.8 percent). As a result, the amount of interest income available to be drawn down to finance the budget declined dramatically (refer figure 3 below).

48. Interest income from the Fund peaked at \$492,121 in 1990/91 but dropped dramatically in 1992/93 to \$290,445 as a result of a drawdown of capital from the Fund

¹⁷ The Fund was managed by Crown Agents, UK

combined with a decline in the interest rate achieved. In 1994/95 interest income was reported as -\$84,000.

Figure 3: Pitcairn Island Interest Income



Source: Pitcairn Island Government Audited Accounts

49. In 1992/93 and 1993/94 Pitcairn used its Fund to finance budget deficits as Pitcairn experienced two years of poor revenues from stamp sales. Unfortunately, this created a spiral effect, as the Fund assets fell, its income generating capacity also reduced, at the same time the return on capital was at an all time low, further adding to Pitcairn's financial difficulties. At the time no expenditure adjustments appear to have been made to reflect the decline in income.

50. Continued budget deficits from 1991/92 saw the Fund completely wiped out by November 2004 (refer figure 2 above).

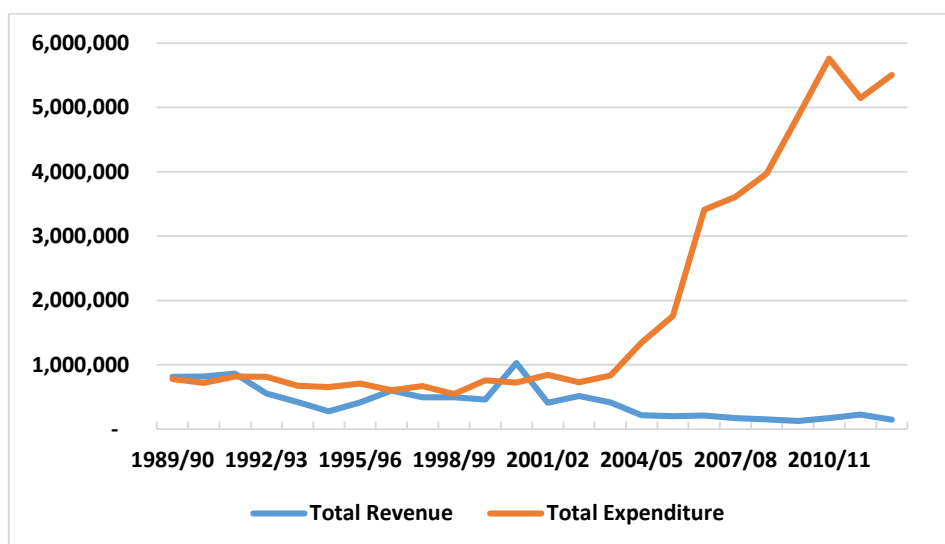
B. Annual Surplus/Deficit

51. Figure 4 below highlights Pitcairn Government revenue and expenditure results since 1989/90. In recent years, the costs of supporting Pitcairn have increased significantly while income has remained more or less static.

52. At the same time as Pitcairn's Investment Fund was wiped out in 2004 the P&O trans-Pacific trading route, the island's main lifeline to the outside world, was discontinued. As a result, dedicated chartered shipping services were sourced and this component has become the largest expenditure category since 2006/07.

53. A further blow was the emerging allegations about child sex abuse on the island. This developed into a protracted investigation and trial process, known as Operation Unique, which resulted in child sex abuse prosecutions. Meanwhile, expectations about the appropriate level of welfare, living standards and physical risk on Pitcairn have changed, both among the islanders and those with administrative responsibility for the island.

Figure 4: Total Revenue & Expenditure



Source: Pitcairn Island Government Audited Accounts

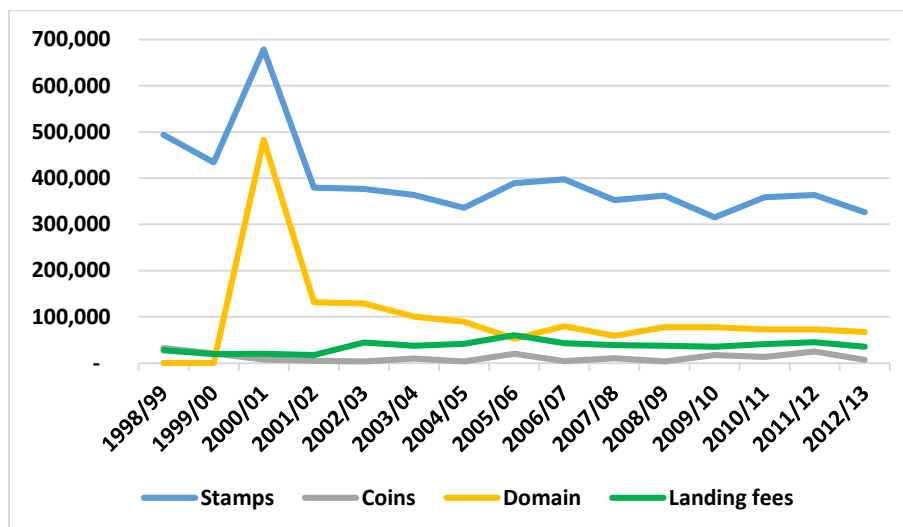
54. The UKG has a legal and moral obligation to provide for the reasonable assistance needs of Overseas Territories¹⁸. In fulfilment of these objectives, budgetary aid is provided where a Territory cannot meet its essential recurrent expenditure requirements. Since 2005 the UKG has provided over 90 percent of Pitcairn's budget requirements through budgetary aid.

C. Government Revenue

55. In recent years Pitcairn Island Government revenue has been heavily dependent on international markets for stamps (refer figure 5 below). From 2000 onwards domain registration has also made a contribution and tourism brings in landing fees for visitors. There are also some domestic fees and charges for hiring of equipment. At present there are minimal domestic government revenues as islanders do not pay income tax or customs duties.

¹⁸ UK statement to the UN 4th Committee on Non-Self Governing Territories, October 2010

Figure 5: Government Revenue



Source: Pitcairn Island Government Audited Accounts

Stamp revenue

56. Historically, Pitcairn's main revenue has been derived from philately. The first postage stamps were issued on 15 October 1940, and issues have been sought after by philatelists worldwide¹⁹. Since 2004/05 management of Pitcairn Island stamp issues and sales has been contracted to the Pitcairn Islands Philatelic Bureau.

57. Increased utilisation of the internet and the development of the "Bounty Post" brand have helped maintain sales. Currently, there are approximately 613 active standing order accounts, 150 casual and 119 annual collections accounts. However, the key issue is that there are very few new entrants entering the market each year.

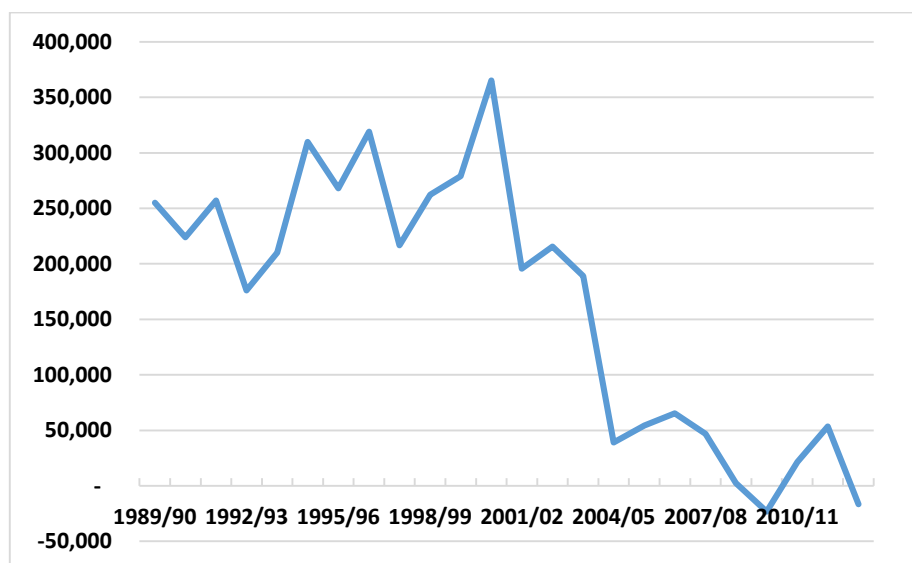
58. The significant decline in stamp profitability from 2004/05 onwards (refer figure 6 below) is the result of the inclusion of an additional cost item "administration". This cost adds \$150,000 annually and reflects the true cost of the philatelic operation. Prior to 2004/05 it appears that the salaries and administration costs associated with the Philatelic Bureau were not included under the stamps operation, but recorded elsewhere in the accounts. Thus the true profitability of the stamp operation prior to 2004/05 is unknown to PIO.

59. In 2009/10 stamp profits were negative with a reported net loss of \$23,000. Stamp operations returned a small profit of in 2010/11 and 2011/12 before experiencing another loss in 2012/13. The variable results year by year reflect the

¹⁹ Pitcairn Islands Philatelic Bureau, 2010

nature of timing of each stamp issue and their production costs and that income is often not received until 3 months after sales are made.

Figure 6: Stamp profits



Source: Pitcairn Island Government Audited Accounts

60. Philately sales worldwide are declining due to an ageing and decreasing collectors market. Along with technology advances that have seen general postal services decline, means this is effectively a dying industry. It is unlikely, that stamp profits will provide any significant contribution to the Government budget in the future.

Coin revenue

61. An agreement with New Zealand Mint Limited was signed in January 2007 for five years and then renewed in 2012. Initial expectations were that royalties would reach NZ\$100,000 by 2009/10, but these levels have not been achieved. Income has been much more modest at less than \$20,000 per annum and it is not expected to increase.

62. The 2013 Bullion Coins release saw the entry into the precious metal investor market. The production of coins is restricted by UKG design regulations and thus is unlikely to increase significantly in the future.

Domain name revenue

63. The promotion of the Pitcairn “domain name” (.pn) following registration in 2000 has become another source of revenue for the government. The PIO’s information technology (IT) specialist has responsibility for this activity.

64. This market achieved \$400,000 in revenue in 2000/01 (refer figure 5 above) but then dropped to the \$119,000 the following year and has remained at between \$50,000 and \$75,000.

65. It is difficult to see how the domain name revenue stream could increase with current trends in international fee rates declining and the increasing use of free email accounts. The IT specialist reports that domain registration is a price sensitive market and increased charges would most likely result in some customers cancelling their registration.

Landing Fees

66. Income from landing fees is heavily dependent on the voyage planning of cruise ship operators and sea conditions on the actual day of each visit. Around 10-12 cruise ships visit per annum, but only about four allow passengers to disembark. Weather and the rough seas often prohibit, and approximately 800-1,000 passengers set foot on the island annually.

67. Landing fees have averaged \$40,000 per annum for the past 10 years. Landing fee charges were approved in January 2013 to be increased from USD30 to USD50 and these increases should be reflected in the 2013/14 income.

68. An increase in revenue is also projected when the Tedside Landing is complete as this alternative landing can be used when the weather prohibits disembarkation at Bounty Bay. Wave modelling by the engineering consultants²⁰ indicates that the potential frequency of cruise passenger landings would increase from 51 percent with the present facilities at Bounty Bay to 77 percent with the development of West Harbour at Tedside.

Domestic revenue

69. Over recent years domestic revenue has provided approximately 5 percent of the Pitcairn Government's finances and this is unlikely to change in the near future. The island's small contribution to income is through minor miscellaneous sales such as the hiring of government equipment, nursery sales and prescription charges. There is also limited income from the sale of guide books and the Pitcairn Miscellany.

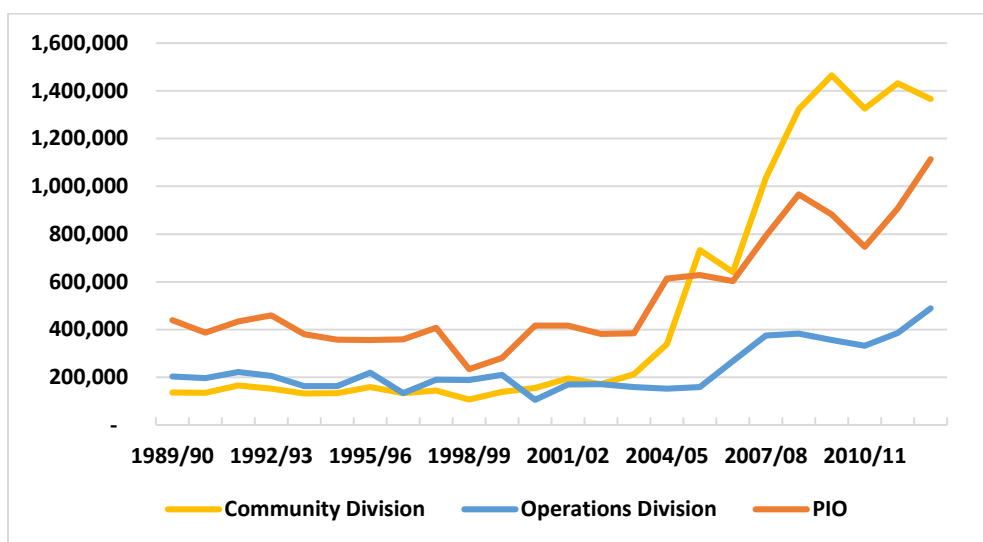
70. At present, no taxes or duties are levied, although historically all able bodied persons were expected to undertake public works each month, in lieu of this. In recent years there has been a reluctance from the UKG and islanders to increase service charges and levy taxes because of the perceived inability to pay and concern over destabilising the fragile social structure.

²⁰ Tedside Landing Options, Tonkin & Taylor Ltd, July 2008

D. Government Expenditure

71. Pitcairn's remote location and extremely small population inflates the cost of providing even a very limited range of basic public services. The main categories of expenditure are the shipping service, community services, PIO and operations division. As shown in figure 7 below expenditure has increased significantly in recent years (excludes shipping which is treated in a separate section below).

Figure 7: Main Expenditure Categories



Source: Pitcairn Island Government Audited Accounts

Community Division

72. Community Services Division expenditure averaged less than \$200,000 prior to 2004/05 but since then has increased to \$1.4 million by 2009/10 (refer figure 7 above). This reflects the introduction of four full time expatriates on the island, including a teacher, doctor, policeman, and family and community advisor. The main expenditure components of this category are health, education and police (refer figure 8 below).

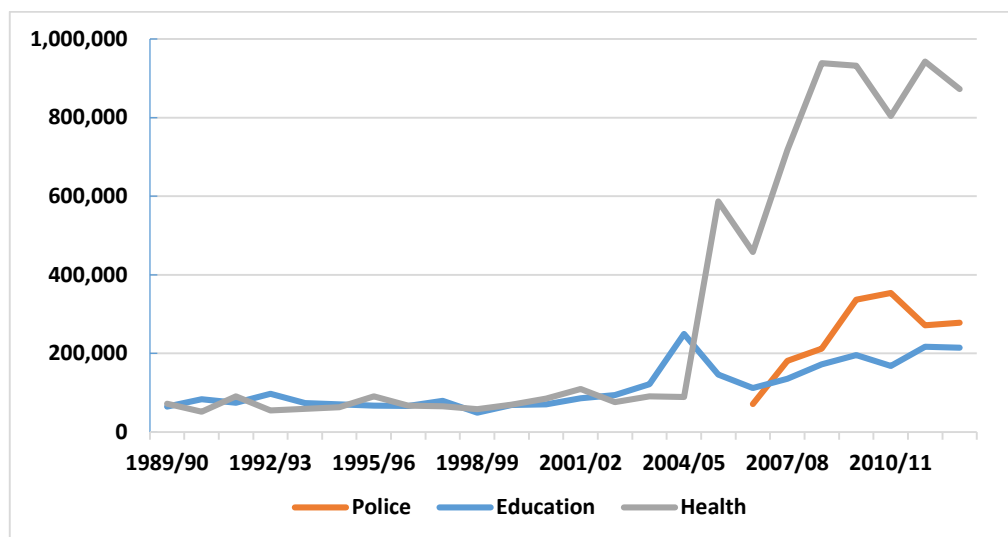
73. Medical services expenditure averaged less than \$100,000 up to 2004/05. This increased to \$586,000 in 2005/06 with the allocation of a full time doctor and family and community advisor on island. Medical services grew to over \$900,000 by 2008/09 and are now the most expensive cost centre on the island.

74. In addition to the costs of the expatriates there are increased costs from medevacs²¹ and higher clinic costs for drugs and equipment. The provision of an

²¹ Medevac entails a ship to Mangareva and then an airlift to Papeete.

expatriate doctor and key medical facilities will continue to be a costly service for such a small and aging resident population.

Figure 8: Community Division Expenditure by Category



Source: Pitcairn Island Government Audited Accounts

75. The cost of the expatriate police officer was transferred from Operation Unique to the Pitcairn Island Government budget in 2007. Police expenditure increased significantly in 2009/10 and onwards as expenditure included additional temporary secondment while the police officer investigating the impending legal case was off island to prepare case notes and inform legal counsel in NZ.

Pitcairn Islands Office

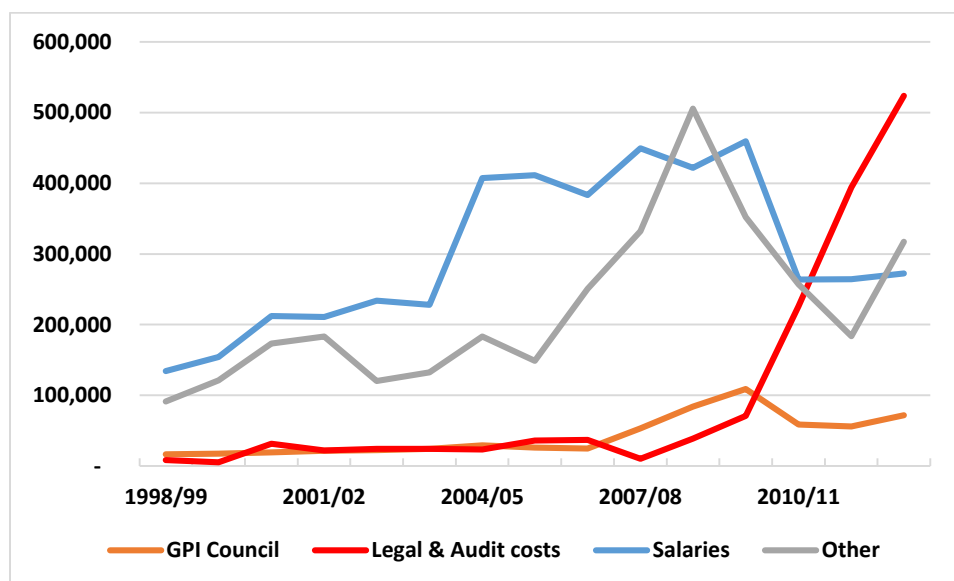
76. The PIO is the third largest individual cost centre, after shipping and community services. The main components of PIO expenditure are shown in figure 9 below.

77. PIO salaries and wages account for over 50 percent of expenditure in this category. A consulting contract for a new Commissioner and Deputy Commissioner saw salaries increase from \$228,040 in 2003/04 to \$407,259 in 2004/05. They remained at this level for the next five years before dropping off significantly in 2010/11 upon the completion of the Commissioner's contract in March 2010.

78. The dramatic increase in audit and legal costs from 2009/10 is due to costs associated with the impending child pornography legal case. From 2011/12 the cost of the Attorney General and an Ombudsman for the island are also included in audit and legal fees.

79. The "other" component has a significant peak in 2008/09 as travel became a significant expense for the three years 2007/08 – 2009/10, with almost \$500,000 expended during this period.

Figure 9: PIO Expenditure by Category



Source: Pitcairn Island Government Audited Accounts

Operations Division

80. The costs of operations, repairs and maintenance have risen significantly in recent years. Expenditure increases since 2006/07 are primarily due to the need for urgent repairs following historical neglected repairs and maintenance schedules.

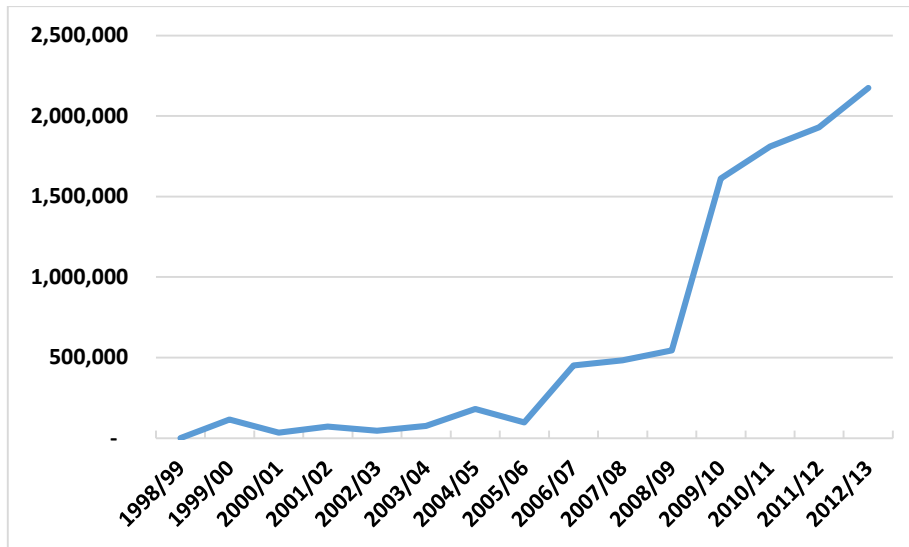
81. Concern has been expressed over the performance of the Operations Division in terms of effective maintenance planning and execution, the preparation of an asset register and preparation and implementation of a simple and effective stock and inventory system.

Shipping

82. The net cost of shipping services averaged less than \$100,000 per annum up until 2004/05 (refer figure 10 below). In 2006/07 additional shipping costs of \$411,000 were incurred in order to secure the services of the Stoney Creek Shipping Ltd (SCS) vessel *MV Braveheart* to undertake passenger runs between Pitcairn and Mangareva.

83. In September 2009 the *MV Claymore II* came into service as Pitcairn Island's dedicated passenger and cargo ship. As a result the annual cost of the shipping service rose to \$1.9 million (plus \$200,000 p.a. for the first two years as start-up costs).

84. The chartered shipping service to the island is now the largest cost component in the Pitcairn budget. By 2012/13 the net shipping costs had risen to \$2.2 million.

Figure 10: Shipping Services (net)

Source: Pitcairn Island Government Audited Accounts

85. The SCS contract to supply the *MV Claymore II* has been extended until 2016.

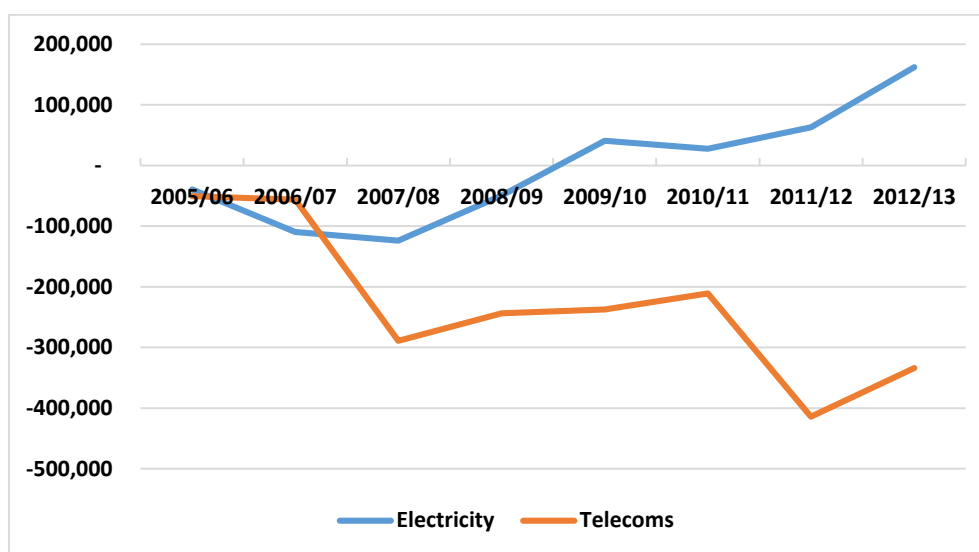
Utilities

86. Electricity is provided by two diesel generators operating 14 hours per day. Telecommunications and internet services are provided via satellite. Recent net income results for electricity and telecommunications utilities are shown in figure 11 below.

87. Until 2006 electricity consumers were paying less than half the actual cost of the service. Since 2007 electricity tariffs²² have been raised in an attempt to recover the full cost of the service. Tariffs were increased by 10 percent across the board in 2008 and then charges for higher usage were increased again in 2009 and added to this was an improvement in the billing system in an attempt to capture all users. It should be noted that Pitkerner tariffs are still lower than expatriate and government rates.

88. From 2009/10 the electricity service was reported as covering costs. However, an important issue when moving to full cost recovery is the need to include reasonable maintenance, depreciation costs and salary costs for the high voltage line-man. The off-budget financial statements produced by PIO provide a more complete picture of the electricity account.

²² Refer Attachment 4: Economic Tables

Figure 11: Utilities services (Net and income)

Source: Pitcairn Island Government Audited Accounts

89. Telecommunications are heavily subsidised on island and with such a small population base and limited economic activity there will always be a need for subsidies. The subsidy is around 75 percent of the cost of the service with the major cost being the Satellite rental (80 percent of the budget).

90. Telecommunications charges were introduced in April 2008²³ so that customers on the island make a contribution to the satellite access costs. The aim was to reduce the cost burden on the island budget, promote awareness of the need to pay for utility services, and to increase cost recovery over time.

91. The 2007/08 telecom loss of \$288,861 reflects the inclusion of the satellite fee for the first time. The significant decline in 2011/12 reflects a major upgrade (\$236,000) and increased annual satellite charges (\$21,000).

92. As for electricity tariffs, telecom charges include a subsidised rate for Pitkerners compared to expatriates and government departments. Pitcairn is treated as a suburb of Auckland (i.e. with same 09 area code) with regard to telecom charges. As the cost of the satellite fee is not built into the tariff rates, the charges for telecoms do not in any way reflect the costs of providing the service.

²³ Refer Attachment 4: Economic tables

E. Donor Support

93. Pitcairn Islands receives significant UKG project funding and maintains relations with French Polynesia and development partners, such as the EU, the Secretariat of the Pacific Community (SPC), and the Secretariat of the Pacific Islands Applied Geosciences Commission (SOPAC). Support is also received from non-governmental organisations (NGOs) such as the Darwin Project and PEW Environmental Trust.

94. Capital investment projects have often suffered delays and cost overruns, for example renewable energy and island access projects. This has an adverse impact on the Pitcairn Island Budget, donor credibility and on-island morale.

United Kingdom Government

95. Since 2004 the UKG has funded a number of projects in the Pitcairn Islands including sealing the Hill of Difficulty road, building houses for expatriates, telecom upgrades, renewable energy and electricity upgrades (refer table 5 below).

Table 5: UKG Funded Projects (\$000)

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Budget support	2,047.2	2,786.6	3,824.9	4,372.7	4,268.8	4,937.0	5,550.0
Education buildings	343.4						
Telecoms	839.4					215.0	
Doctors house		155.8					
Honey project		112.6					
Jetty			206.4		527.0		
Heavy equipment					709.5		
Other	1.6	157.3		248.3		200.0	200.0
Total	3,231.6	3,212.3	4,031.3	4,621	5,505.3	5,352	5,750

Source: Pitcairn Island Government Audited Accounts

96. The introduction of modern telecommunications via satellite in 2006/07 cost \$839,000. A further \$215,000 was spent five years later to upgrade the system. As with all telecommunications there is the ongoing expense to upgrade to new technology every few years.

97. The need to improve the electricity service was being addressed with the project to introduce five wind turbines, approved in 2007/08 at a capital cost of \$3.15 million. The facilities were to include five wind turbines (20 kW each) plus associated equipment, which would operate in parallel with the existing diesel generators to provide 24-hour power supply. However, in March 2011 the Hydro Tasmania contract was cancelled (with unknown costs incurred) due to their lack of performance. UKG

has renewed the process to reassess renewable energy options. A project feasibility study is underway to decide whether solar power is the most appropriate renewable energy source.

98. To improve island access the UKG has funded the refurbishment of the jetty and winch equipment used for launching the long boats.

99. The UKG has also provided money in the 2012/13 budget to cover the cost of repairs following the severe tropical storm which hit the island in early February 2012. The UKG is also supporting tourism in 2012/13 by allocating \$85,000 to support the Tourism Marketing Action Plan²⁴.

100. The UKG makes additional funding available, through the Governor's Discretionary Fund and the Jubilee Programme, for small scale special projects. To date the Jubilee Programme funds have been undersubscribed.

European Union

101. The EDF 9 Pitcairn programming document²⁵, signed in August 2004, allocated an amount of \$3.9 million as budgetary support (including a \$0.6 million rollover from EDF 8). This amount was granted to Pitcairn as sectoral budget support for infrastructure.

102. Although the EDF 9 grant was approved in 2004 it was not until late 2011 that agreement was reached on the funding of the first phase of the proposed alternative harbour in Tedside. A number of years had been spent negotiating the breakwater project for Bounty Bay but the costs for this project could not be justified in terms of economic or social outcomes. By the end of 2012/13 all the EDF funds had been allocated on the Tedside project and the process to get equipment to the island is underway.

103. In September 2011 an EU-funded SPC-implemented grant of \$500,000 was approved to improve access to water for Pitcairn Islanders facing drought and variability in rainfall, with a view to reducing waterborne public health risks and increasing conservation of water.

104. An application is currently before the EU for EDF 10 funds in which the objective is "to support the development of the tourism sector thus assisting in creating alternative and viable sources of income for Pitcairn and reducing the country dependence on externally provided budget support". The EDF 10 programme is due

²⁴ Marketing Strategy and Action Plan for Pitcairn Islands Tourism, prepared by Janet Shankland, HMG Tourism Consultant, February 2011

²⁵ Pitcairn Islands, Single Programming Document, Office of the Governor of Pitcairn, Henderson, Ducie & Oeno Islands, Pitcairn Island Council, European Commission, August 2004

to begin in 2014 and be completed by 2017. However, EDF 9 delays will cause this timetable to slip.

105. Project INTEGRE is a regional project for the Pacific Overseas Territories funded under EDF 10 with SPC as the implementing organisation. The Divisional Manager Natural Resources has applied for funding for fisheries management and establishment of a natural resource research unit.

Secretariat for the Pacific Community

106. Approved in 2008, the Pitcairn Islands – SPC Joint Country Strategy²⁶ identifies agreed priority areas and activities for SPC assistance during the period from 2009 to 2013. SPC provides technical and administrative advice and support on biosecurity, trade and fisheries. Due to the remoteness of the Pitcairn Islands, video conferencing facilities is essentially the main means of providing technical assistance.

French Polynesia

107. French Polynesia is another important development partner. A memorandum of understanding (MOU) between Pitcairn Islands and French Polynesia was signed in 2006, the first time that Pitcairn Island had ever negotiated an MOU in its own right. The MOU opened up trade, tourism and immigration routes with Pitcairn Islands' nearest neighbour. Of particular importance was the commitment of French Polynesia to provide customs/immigration for shipping services between Mangareva and Pitcairn.

108. The French navy generally visit once a year and deliver essential items such as drums of fuel and spare parts for the Operations Division department. It is also common for them to bring a load of cut wood from the Mayor of Mangareva as a gift to the people of Pitcairn. The precious miro wood is shared out among households on the island.

NGO Activity

109. Henderson Island is a raised coral atoll 193 km northeast of Pitcairn and was declared a UNESCO World Heritage Site in 1988. In August 2011, the Royal Society for the Protection of Birds (RSPB) carried out a comprehensive rat eradication programme to protect and restore the natural wildlife on the Island. Unfortunately the eradication programme failed. The reasons for this are being examined. The island provides the miro and tau trees used for carving wooden souvenirs.

²⁶ Pitcairn Islands & Secretariat of the Pacific Community Joint Country strategy, 2009 – 2013, SPC, August 2008

IV. PITCAIRN ECONOMIC DEVELOPMENT POTENTIAL

A. General

110. Economic development is a function of the resources that are available – land, sea and human; and these combined with access to markets and governance capability determines economic outcomes. Pitcairn is extremely isolated, thus impacting access to markets and wider participation in the international economy. Land on Pitcairn is rugged and not suited to larger-scale commercial agriculture production. The sea provides fish for personal consumption, but scale commercial fishing is not viable due to Pitcairn's isolation. Human resources are limited, a function of a small and aging population base.

111. Private sector economic activity consists of individual and family activities in the form of handicrafts, fishing, apiculture, fruit and vegetable cultivation and home-stay accommodation.

B. Tourism

112. The Pitcairn Islands have always held a mystical fascination in the minds of travellers, Bounty enthusiasts and philatelists. Its history has been recorded in the plentiful literature on the subject with more than 200 books, five films and a number of website and Yahoo groups.

113. Tourism is an important source of revenue and consists of day visitors via cruise ships, yachts, those coming on official business and organised tourism.

Pitcairn Islands Tourism Strategic Plan

114. A Tourism Strategic Plan²⁷ was agreed in 2011/12 and UKG funding was provided to support its initial implementation. The fragility of the economic base is recognized by the islanders, who have prioritized tourism as the key sector for attracting income to the island. The Plan is based on the principles of Sustainable Island Heritage Tourism. Establishing a careful balance between environmental, economic and socio-cultural benefits and the associated risks is necessary to ensuring that the Pitcairn Islands' tourism industry is sustainable in the long term.

²⁷ Marketing Strategy and Action Plan for Pitcairn Islands Tourism, prepared by Janet Shankland, HMG Tourism Consultant, February 2011

115. There is a general consensus among Pitkerners about the need for tourism to be locally owned and run, but also a realisation that changes are needed if a higher level of professionalism is to be achieved.

Cruise Tourism

116. An integral part of the cruise season for Pitkerners is the opportunity to sell their crafts and curios. In recent years there has also been an increasing focus on internet sales for these products.

117. Pitkerners produce fine wooden carvings including figures such as sharks, dolphins, whales, turtles and walking sticks whilst the women weave intricate baskets, fans, hats and mats, as well as painting dried “hattie” leaves. Natural resources, such as miro wood (available on Pitcairn but often collected from Henderson Island for its superior quality), and the leaves from pandanus palm found on Pitcairn, Oeno and Henderson, provide the raw material for a variety of carving and weaving products. Replicas of the Bounty and longboats are particular favourites.

118. Approximately 12 cruise ships currently stop at Pitcairn Island per year, with around half allowing their passengers to disembark (refer Attachment 4 – Economic Tables).

119. Worldwide, the cruise industry has had an annual passenger compound growth rate of 7 percent since 1990²⁸. It is the fastest growing sector of the tourism industry in the South Pacific. Cruise ship tourism is an attractive development option for small islands, particularly those that lack the facilities to cater to large numbers of overnight tourists.

120. Pitcairn is mainly classified by cruise ship operators as a “cruise-by” destination with only a small percentage of passengers landing on the island. Ships anchor in the deep water off Bounty Bay and when the water is calm enough, passengers are ferried ashore by local long boats. Smaller expedition vessels such as the *Clipper Odyssey* carry their own Zodiac craft and are able to safely transfer passengers ashore. Shore-numbers are limited to those who are physically active and game for the voyage.

121. Once on land, visitors can take a tour of Adamstown, see the gardens, the museum, and the church, and buy curios and crafts at the market. Pitcairn souvenirs include carvings, basketry, honey, dried fruit, jewellery, painted leaves, stamps, films and books. Islanders also visit cruise ships to sell goods to those passengers who are not able to make the trip ashore.

²⁸ Cruise Market Watch ~ 26th November 2012

122. A 2005 Study²⁹ found that most visitors were found to be of advanced years, interested in low impact activities - historical and social rather than active and adventurous. The clientele was described as elderly, well-educated Americans with a special interest in the Bounty and Pitcairn Island, or simply keen on visiting 'out-of-the-way' places.

123. A South Pacific Tourism Office (SPTO)³⁰ study of cruise ship operators indicated that the availability of specialised infrastructure is crucial to their stopping, and lack of proper facilities was named as the number one issue inhibiting the further development of cruise tourism to the smaller Pacific islands. As a response to this, Tonga built a cruise ship wharf in 2010 to cater for growth in the industry. However investment in a cruise ship wharf is clearly not economically feasible for Pitcairn.

Short-stay Tourist Market

124. Official visitors and tourists fly to Mangareva (via Papeete) and from there take the *MV Claymore II* to Pitcairn Island. There are 12 berths available on the *MV Claymore II* (which undertakes eight round trips between Mangareva and Adamstown per year). Many of the berths are taken by officials and Pitkerners. Currently resident Pitkerners pay \$3,000 return to Mangareva on the *MV Claymore II*. Visiting officials and tourists pay \$5,000.

125. Travel to the island is expensive (refer table 4 below). Air Tahiti services Mangareva (population approximately 1,640) once a week all year round, and twice a week during the peak season for school children (July and August). The flight from Papeete takes about four hours and the return fare is around \$1,000. The *MV Claymore II* voyage to Adamstown takes approximately 12 days from Tauranga and 36 hours to Mangareva. Most residents offer homestay accommodation (see Attachment 4 – Economic tables) for tourists and non-UKG visitors.

Table 4: Examples of Cost of Visiting Pitcairn

	NZ	Los Angeles	London
Flight to Tahiti	\$1,250	\$785	\$2,400
Flight to Mangareva	\$1,000	\$1,000	\$1,000
Claymore II	\$5,000	\$5,000	\$5,000
Total cost	\$7,250	\$6,785	\$8,400

Source: PIO, Flight Centre & other travel websites

126. Weather conditions can make voyage timeframes variable and there is always the risk of missing the Mangareva flight connections. Not only is the cost of travel

²⁹ Pitcairn Island Tourism Development Feasibility Study, Tourism Resource Consultants Ltd, June 2005

³⁰ Visitor Arrivals for South Pacific Islands, South Pacific Tourism Office, 2003

expensive but the time it takes to get to the island and back is also somewhat prohibitive for many potential tourists.

127. The regular passenger service offers visitors a stay of either 3 or 10 days on Pitcairn and all voyages are timed to connect with flights to and from Tahiti from Mangareva. From February 2014 there will be another “rotation” being offered by SCS providing visitors an extra service to/from Mangareva.

128. There are currently 20-30 yachts a year³¹ calling at Pitcairn Island, on average for 1-2 nights with 4-6 passengers, purchasing food and occasional souvenirs. Concern over sea conditions and moorings, lack of on-shore facilities and attractions means yachts tend to spend a relatively short time on the island.

129. Tourism to French Polynesia is particularly relevant to Pitcairn Island. Due to its historical and political ties with France, there are frequent and direct flights to Europe and it has easier access to this market than other parts of the world. However, although Tahiti has a significant tourism industry, the type of tourist is generally not the same type of tourist with an interest in visiting Pitcairn. Thus Pitcairn sees very little tourism as a result of the heavy marketing of the Tahiti destination. In addition the cost of getting to Pitcairn would generally be prohibitive for most tourists.

130. Three tour operators and one travel club who have arranged trips to Pitcairn Island in the past responded to a survey as part of the 2005 Tourism Feasibility Study. Like the cruise ships, all the operators said their clients would stay longer if more activities were available. Interestingly, none of the operators consulted were interested in air access, commenting that it would ruin the ‘isolation-effect’ and that the price would be hard to justify, given the available products on the island. Those visitors with a special interest are less price-sensitive than general interest or independent tourists.

131. Whale watching has become a major component of the tourism industry in the Pacific for countries such as Tonga and NZ. During the winter months of June–September whales are present in the waters surrounding Pitcairn Island and many are frequently seen from land-based locations around Adamstown. Although, people will not travel to Pitcairn specifically for whale watching, it is an additional activity available during season and should be promoted as such.

³¹ The Pitcairn tourism website listed 17 yachts landings in 2012

C. Fishing

132. Pitcairn Islands has a large Exclusive Economic Zone (EEZ) of 842,000 km. It lies within the eastern Pacific Ocean in which the Inter-American Tropical Tuna Commission has responsibility for conservation and management of tuna and other marine resources. On a per capita basis Pitkerners have an abundance of seafood resource but the small domestic market and distance to any international markets constrain opportunities to capitalise on these resources.

133. Traditionally, fishing has been a subsistence activity for Pitkerners, apart from irregular sales to cruise ships and yachts. Pitkerners mainly catch fish and lobsters for their own consumption and for gifts to family and friends.

134. A 2011 SPC Fishing Study³² estimated annual revenue from fish sales to cruise ships to be USD12,800. The 2011 Study aimed to identify marketing opportunities to create a cash income for the Pitcairn fishing sector. An inshore SPC Fisheries Advisor visited Pitcairn in September 2011 and five options were identified but only exporting to Mangareva was considered in the Study as there was not sufficient information to determine the feasibility of other options.

135. The Study determined that an annual return of USD8,300 could be achieved based on 2.5 tonnes of annual fish exports to Mangareva. The key risks to achieving this are the ability to catch and export 640kg per quarter and obtaining a wholesale price of USD8/kg in Mangareva.

136. The key constraints to establishing fish exports to Mangareva identified in the Study were the need for cold chain infrastructure (estimated cost \$40,000), sanitary and quarantine certification requirements of French Polynesia, and market access with Mangareva not an official port of entry for French Polynesia.

137. More importantly, the ability to meet catch targets raises issues such as The number of days fishable per month considering Pitcairn's weather and sea access and the declining productive population are required for other activities including government jobs, The Tedside development has probably meant that commercial fishing is on hold for 2 years minimum and once complete people may see a better return from increasing handicraft activity.

138. Another key issue for exports would be that Pitkerners would need a reliable agent in Mangareva to take care of export documentation, customs, sanitary, unloading, distribution and remitting payment. The shipping operators of the *MV Claymore II* declined to be involved in this activity.

139. The Study calculated landed costs in the Mangareva market of USD4.80/kg and if a selling price of USD8.00/kg is achieved then it equates to profit of USD2,077 per

³² Economic Viability Study of Commercialising the Pitcairn Islands Fishing Sector, SPC, December 2011

quarter, or USD20.36 profit per fishing trip. Once filleting, packaging, and the Agent are taken into account, this opportunity is marginal at best.

140. The Study recommended that “consideration be given to subsidising the export freight rate between Pitcairn and Mangareva” but this is not supported as this would distort the true costs of exports. Pitkerners should only consider fish exports to Mangareva if they prove to be commercially viable and should focus their time and efforts on productive economic activity if they wish to eventually become self-sufficient.

141. There exists the opportunity for the sale of fishing quotas within the Island’s 200-mile exclusion zone. However, the area of the Pitcairn EEZ is at the southern extremity of the distribution of both *yellowfin* and *bigeye*. The long-line fishery operating in the vicinity of the Pitcairn Islands is principally a seasonal fishery targeting *albacore* for a short period during spring-summer.

142. Past studies in the Pitcairn Islands EEZ concur that fish stocks are low and that large-scale commercial fishing is not economically viable. “Based on current and historical trends in the fishery, the Pitcairn EEZ is likely to only support a seasonal tuna fishery and the performance of the fishery is likely to vary considerably between years, with total catches limited by the length of the fishing season and the performance of the long-line fishery in other areas³³. Basically longliners operating in the South Pacific would consider fishing the Pitcairn EEZ only when other areas were not fishing well.

143. A key issue is that any fishery would have to provide both scientific and enforcement capacity if it were to be sustainable and well-managed. There is clear evidence from other Pacific Islands that management rules for fisheries will be followed only if independent on-board scientific observers monitor all activities and catches. However, the Pitcairn Islands does not have the capacity to provide observers.

144. A formal request for a commercial fishing license by a New Zealand Company was received in late 2011. This offer was for three vessels and included full catch information and the option of an on board observer. The license was declined due to the Marine Reserve proposal being under consideration. However, not granting a licence on a temporary basis is a lost opportunity to determine the potential viability and financial returns of commercial fishing. It is understood the license fee offered was \$27,000 per annum.

145. The SPC Report also analysed historical deepwater snapper catch data and found the maximum sustainable yield of deepwater snapper (all species) was estimated at between 1.1 and 3.3 tonnes per year within the Pitcairn EEZ. Although

³³ The Potential for Development of Fisheries in the EEZ, SPC, January 2005

these levels are far below the level needed to support a commercial fishery they are appropriate for an artisanal fishery for local consumption and to vary the diet of passing ships.

D. Marine Reserve

146. In 2011, the PIC voted in favour of investigating the possibility of creating a Marine Reserve within the Pitcairn waters. However, important information relating to the marine environment and also the potential economic costs and benefits of designating a marine reserve were not available. In 2012, the National Geographic Pristine Seas Expedition to the Pitcairn Islands undertook the first rigorous, quantitative measures of species diversity around all four islands. The goal was to assess the state of Pitcairn's marine life, and to propose recommendations to the Pitcairn community for the conservation of their resources.

147. The purpose of the proposed Pitcairn Islands Marine Reserve is stated as to fully protect the special marine environment and to provide a world-class, fully protected marine reserve to attract scientific research, non-consumptive tourism and other non-extractive economic uses, and favourable global recognition for Pitcairn³⁴.

148. The Marine Reserve proposal allows for the zone between the Pitcairn Island's mean low-water and extending to 12 nautical miles offshore to be excluded from the marine reserve to allow Pitkerners to continue to use the area around the island for fishing and other activities as they do now.

149. It was suggested that in establishing a Marine Reserve there is an option for Pitcairn to generate revenue in the form of permit fees and other maintenance fees. This is common practice amongst marine reserves and national parks throughout the world, and indeed tourists expect to pay a premium to access such sites. However, the Report did not quantify the levels of revenue that Pitcairn could expect.

150. The Marine Reserve Report³⁵ states that "creating work and jobs in conservation tourism could play a key role in helping encourage young adults within the community to remain on the islands as well as attracting new residents". However, there was no indication of how these jobs would be created and funded. It is understood that the UKG will not pay for upkeep and policing of the Marine Reserve as this cannot be classed as development assistance.

151. Creating large marine reserves and their economic impact is not simple. For example, in 2010 President Anote Tong of Kiribati made a historic pledge, committing

³⁴ PEW Charitable Trust

³⁵ The Potential Tourism Impact of Creating the World's Largest Marine Reserve in the Pitcairn Islands, The Pew Charitable Trusts, National Geographic Society and Pitcairn Island Council, September 2013

to protect the waters around his island nation in a massive marine protected area. An area 408,250 square kilometers, Phoenix Islands Protected Area (PIPA), was declared off limits to commercial fishing. The commitment raised Tong's profile, winning him international accolades, and boosted the tiny country's standing in the fight against climate change.

152. Since 2010 questions have begun to emerge about the extent of Kiribati's commitment. In reality only three percent of the Reserve area is strictly protected from commercial fishing. Offshore fishing vessels can legally exploit the remaining 97 percent of the UNESCO-designated marine protected area. More than 400 vessels currently fish legally inside the PIPA.

153. The reason implementation has been slow is that fishing licenses to foreign fleets accounts for around US\$27m per year (over 40 percent of the Kiribati's national revenue). To recoup this income, President Tong has requested financial compensation (sometimes called "reverse fishing licenses") to close the remaining 97 percent of PIPA to fishing. In this type of conservation effort, donors pay the country an amount comparable to what it would receive from selling real fishing licenses, on condition that the fish are left in the ocean instead.

154. Kiribati requested that a trust fund be set up with more than US\$50 million. To date the Trust Fund has managed to raise \$5 million towards its goal. Conservation International donated half of the money, the Government of Kiribati the other half. "The interest generated by this amount will probably go towards the cost of PIPA's management not leaving much for compensation³⁶".

E. Apiculture

155. In 1998 the UKG funded an apiculture project.³⁷ With ongoing technical support honey production has been successful and Pitcairn honey can be shipped to almost every country in the world due to its freedom of disease status and effective export certification protocols.

156. Honey is marketed by the Pitcairn Island Producers Cooperative (PIPICO), established in 1999 to promote and co-ordinate the exports mostly to the UK and the United States. Members can sell their honey direct to PIPICO or to tourists and by direct orders through the internet.

³⁶ Dr Stone, PIPA Trust Chairman

³⁷ James Driscoll Reports for 1998, 2001 and 2007

157. The project has been successful and the island has met its capacity with regards to production levels. Currently production of 20,000 250ml jars which PIPCO sells at NZ\$8-10 each (plus freight) provides an annual gross income in the order of \$200,000. There is no information available on production costs. The only way to increase returns for producers is through increased pricing into niche markets.

F. Other Activities

158. Agriculture is also important in the Pitcairn Islands but mostly for subsistence purposes, owing to the distance to the nearest international market and stringent export biosecurity requirements. Market gardening of fruits and vegetables has limited opportunities mainly to passing vessels and cruise liners. In recent years there has been development of dried fruit production, although this is jeopardised by the increased costs of electricity needed for the dehydration process. The community also comes together annually for sugar cane processing and molasses day with the end product shared out among households.

159. A number of business activities have been attempted over the years, such as a beauty parlour, a bakery, and small cafes/takeaways, but without the population base these do not have enough regular customers to be more than an ad hoc small contribution to household income. The arrival of short-term visitors often results in a flurry of relevant small-scale activities.

V. ISLAND ACCESS

A. General

160. Infrastructure on Pitcairn Island is limited. There is a 975m concrete road from Bounty Bay to Adamstown, and 15.4km of graded earth roads. The main transport is by 4-wheel drive quad bikes. There are 10 fishing boats on island with outboard motors. There is a boat building workshop and the most recent 5 meter fishing boat was built and launched in March 2010.

B. Shipping Services

161. Historically, access to Pitcairn was by 3-4 sea shipments per year, organised through the PIO. Blue Star Line operated the service but ceased its Pitcairn operations in December 2002. These shipments were very restricted to 1-2 passengers each trip and 4-5 20ft containers. In addition, cargo shipping to support Pitcairn projects was provided on an “as required” basis. While on contract this service would also be available to carry passengers between Pitcairn and Gambier Islands (Mangareva).

162. A Study³⁸ conducted in 2005 considered “options to improve access to the island, both air and sea, and to look at the feasibility of those options, primarily with a view to developing tourism as the principal source of income for the Pitcairn Government”.

163. At the time of the Study, SCS operated the *MV Braveheart*, a converted fishing vessel, and this was chartered to carry passengers between Mangareva and Pitcairn Island. The *MV Southern Salvour*, also chartered from SCS, was used to carry passengers and freight from New Zealand to Pitcairn on a project by project basis.

164. The Study recommended replacing the current SCS service with a cheaper option with the French Polynesia company CFMT which operated freight services between Papeete and Mangareva. PIO entered an agreement with CFMT to extend the voyages of the vessel *MV Taporo* from Mangareva to Pitcairn Island. Freight from New Zealand was sent on normal shipping services to Papeete and then reshipped on the *MV Taporo* to Pitcairn Island.

165. The new shipping contract was expected to be finalised by September 2006, but there were unresolved technical issues concerning the safe installation of the

³⁸ Feasibility Study into Options for Providing Access to Pitcairn, Pacific Marine Management & McGregor & Company, June 2005

proposed accommodation modules on the *MV Taporo*. Therefore, the passenger service with the *MV Braveheart* provided by SCS was extended.

166. During 2007/08 negotiations with CFMT and the Government of French Polynesia had virtually collapsed as the problems with the accommodation modules which were proving very difficult to resolve. In the meantime alternative arrangements were being discussed involving the potential purchase by SCS of a new (second-hand) cargo/passenger vessel.

167. In September 2009 the SCS owned *MV Claymore II* came into service as Pitcairn Island's dedicated passenger and cargo ship. It was chartered by the Pitcairn Island Government to provide supply runs from New Zealand every three months and eight return passenger runs between Mangareva and Adamstown. The vessel is based in Tauranga and after it has discharged its freight on Pitcairn it makes two return passenger runs from Mangareva to coincide with the weekly flights from Papeete. The vessel is classified as a freighter and under Maritime Law can accommodate up to 12 passengers per voyage.

C. Wharf/Landing

168. Bounty Bay lies on the north coast of Pitcairn and is exposed to the prevailing winds from the Northeast. Entering and exiting the harbour in long boats, cruise ship and yacht tenders can be difficult, dangerous, and sometimes simply not possible. As a result, during the cruise ship season only some cruise lines allow passengers ashore. Also, supply ships can be forced to anchor for a number of hours or days before they unload.

169. The jetty in Bounty Bay has a swinging derrick and adjacent to the jetty is a boat ramp for launching the longboats. Manoeuvring the boats in the vicinity of the jetty can be dangerous at times due to the waves and swell in the Bay.

170. There have been a number of studies to look at options for upgrading the jetty, building a breakwater, or to develop an alternative landing. The objective was to improve safety for accessing the island and to enable more tourists to come ashore.

171. The construction of a breakwater to limit the impact of the swells and surf within the harbour was proposed in 2003. There was strong island support for this development, as a breakwater was seen to increase the ease of long boats in and out of the harbour for all users – fishing, cargo, tourism and recreation. Access experts noted a breakwater would not guarantee boats could land passengers, though it would provide a greater degree of protection for the jetty, increase the likelihood of entering and leaving the harbour by long boat, and make it easier to use visiting ships' own tenders.

172. A technical study in 2008³⁹ indicated that an alternative landing facility at Tedside would offer a more appropriate solution to increase the number of landings. However, the report clearly stated that the location would not be suitable for freight or longboat storage.

173. A financial assessment indicated that the proposed capital costs for Tedside were too high and would not yield an adequate financial return to justify the investment. As a response the Pitkerners prepared their own estimates of the project with an indicative cost of \$11.1 million over a 3-year period.

174. In the end, a proposal to split the development into two distinct phases was approved: (i) Phase 1 – construct the Tedside component: landing facility, beach road and Frankies staging area; and (ii) Phase 2 – construct the road from Frankies to Adamstown. Phase 1 of the project is to be fully funded by the EDF 9 allocation of €2.4m. Phase 2 has been indefinitely postponed due to funding constraints. By early 2013 a Project Manager and Project Administrator were appointed and the contract let for transporting project equipment from NZ to Pitcairn.

175. It is understood that the PIC plan for Tedside is to use on-island labour. With such a small productive population base this inevitably will create conflict with fulfilling other obligations, including government jobs and private income generating activities. In addition the use of on-island labour will increase the construction timeframe and thus defer the realisation of economic benefits from Tedside.

D. Airstrip

176. The idea of an airstrip for Pitcairn Island has been raised many times over the last 30 years and a number of studies undertaken.

177. The UKG commissioned preliminary work in December 2003 to determine the feasibility and design of an airstrip on the island. The Study⁴⁰ looked at options for aircraft that have the range and short field performance capabilities to provide an air service from Mangareva to Pitcairn Island. Secondly, the runway length requirements were determined that met regulatory requirements and these were then assessed for economic viability.

178. The Study found that “when allowance for regulatory safety margins are applied, only one aircraft type available in the region was suitable for operations between Pitcairn Island and Mangareva”. The Britton Norman Islander (BN2A-250) has

³⁹ Tedside Landing Options, Tonkin & Taylor Ltd, July 2008.

⁴⁰ Pitcairn Island Airport Feasibility Study, AirPlan, April 2004

capabilities that can land and take off in the restricted length available. The Study indicated the aircraft could operate with a payload equivalent to five passengers but even with additional fuel tanks it could not fly the return flight with required fuel reserves. It could carry enough fuel for a single sector plus three hours island holding reserve.

179. The Study assessed previous engineering designs and determined that a 525m long grass runway would be required for the operations of this aircraft and this could be constructed in Aute Valley. This would be a non-instrument runway. The Study estimated the cost of construction of the aerodrome at \$6 million.

180. The air access option would need people identified or contracted to undertake the many aerodrome operations, air services, meteorological and border control tasks.

181. The 2005 Access Feasibility Study⁴¹ noted that for any aircraft to be commercially viable it would need to operate at or above 1,500hrs utilisation per year. Thus, any service to Pitcairn would have to be utilised by carrying cargo as well as passengers in order to be feasible. The Study noted that it is unlikely that any aircraft flying Pitcairn/Mangareva would achieve 30 percent utilisation, well below a commercially viable service. In addition Mangareva is not an international departure point and the MOU with French Polynesia only provides for shipping services with Pitcairn.

⁴¹ Feasibility Study into Options for Providing Access to Pitcairn, Pacific Marine Management and McGregor & Company, June 2005

VI. LONG TERM OUTLOOK

A. Demographic Trends

182. The Health Care and Social Welfare Review⁴² in January 2012 provided demographic forecasts up to 2045. The forecasts have been updated with the latest information available and are summarised in Table 5 below.

Table 5: Population forecasts

	2013	2015	2020	2025	2030	2035	2045
65+	10	13	15	19	22	23	20
Under 18	8	7	4	1	0	0	0
Dependents	18	20	19	20	22	23	20
Productive	31	28	22	19	14	10	3
Total	49	48	41	39	36	33	23
Dependency ratio	58%	71%	86%	105%	157%	230%	666%

Source: Health Care and Social Welfare Review

183. The same assumptions are made as per the Health Report. It is assumed that people die at age 80. Anecdotally the group of pensioners resident on Pitcairn are remarkably robust but their life expectancy is still an unknown variable. School aged children are assumed to leave for New Zealand at age 15 for the last years of schooling. Their return is not factored in as this is unlikely.

184. Assumptions are also made that residents will not leave long term for reasons such as medical care, or for jobs or increased economic opportunity. Those that have dual citizenship, especially in Australia and New Zealand, may have options overseas but for this exercise it is assumed they all stay on island.

Dependency ratio

185. The current Pitcairn Island dependency ratio (those under 18 and over 65 compared to the productive population) at 58 percent is a little lower than that of the Pacific Islands small island state average of 63.9 percent, but somewhat higher than New Zealand's at 50.4 percent. The issue for Pitcairn Islands is that the ratio is trending in the wrong direction and by 2025 it will be over 100 percent. At this point there will be only one child left on the island and more pensioners than productive age persons.

⁴² Review of the Quality and Cost-Effectiveness of Health Care and Social Welfare Provision for Pitcairn Island, Olivier Weil and Janet Gardener, January 2013

186. The implications for the productive age population are that not only will there be less of them to undertake productive activity on the island but also more of their time will be consumed with looking after the elderly.

187. The implications for future budget aid rounds are that increasing funds will be required to assist the ageing population. Medevacs are likely to increase and the already high health expenditure of around \$18,000 per person will increase.

Productive population

188. A fundamental issue for Pitcairn Island is the small and declining productive population. This is further exacerbated by the fact that the current productive population averages 48 years of age. By 2020, a third of the current productive population will have reached 65 and become pensioners.

189. The Health and Social Welfare Review considers the current “productive” island population levels to be seriously low: of the 32 people in this group, 25 of them are over 40. “This seriously calls into question the sustainability of the island in the near future: who will do the work, who will look after the increasingly aging population and how: who will operate the long-boats, critical to the islands economic and social opportunities?”

190. The negative state of Pitcairn’s demographics are further exacerbated when one factors in that the longboat crew must be under 58 and the only currently-qualified high voltage electricity technician who manages the electricity grid is less than one year off retirement age. Both these roles urgently require training new personnel.

191. In addition, in less than two years there will not be any pre-school children. In a decade there won’t be the need for a school or teacher, unless immigration includes young couples and/or families.

192. Currently the PIC comprises seven elected members (this is 16 percent of the eligible voting population). This percentage will only increase as the population declines. A smaller and aging population also reduces the talent pool from which elected members and government employers can be drawn.

B. Immigration

193. There are three options for increasing the population – children being born to islanders, the return of Diaspora, and/or new immigrants moving to the island.

194. There have been no births for the past three years and it is unlikely there will be further births from amongst the current resident population. Without young islanders, who actually return to Pitcairn post completing their schooling, the island is unable to sustain a viable population.

195. The Immigration Policy is not clear as to how new immigrants (including Diaspora) will be treated on island in terms of jobs and financial assistance. Currently, there is a six month stand-down period for applying for government jobs thus limiting immigrants' income earning possibilities when they first land on island. Pitkerners currently receive significant subsidies on passenger fares and freight on the *MV Claymore II* as well as subsidised electricity and telecoms tariffs. Pitkerners also have access to UKG funds for subsidised housing loans. Will new immigrants be treated as equals with Pitkerners or will they be treated as expatriates? This issue needs to be clearly defined as creating two classes of citizens on island is unlikely to succeed economically or socially in the long term.

196. The recent Child Safeguarding Review (2013)⁴³ made a number of observations with regards to immigration including:

“many people spoke of the ‘diaspora’ of individuals who had been born on Pitcairn Island and might return, but there did not appear to be any means of them doing so, because there were no opportunities for them to find work, accommodation, or the means of making a living and good relationships if they were to move to the island.”

197. Clearly there is an issue around whether Pitkerners as a community are being proactive towards immigration and will be positive and welcoming to newcomers, whether or not Diaspora.

198. The Child Safeguarding Review also noted:

“A more delicate issue revolves around the personal histories of individuals who left Pitcairn after their childhoods, and the extent to which those individuals wish to avoid a return to Pitcairn because it holds difficult memories. More concrete and realistic plans needed to be made by the Island Council or the British government before the reviewers could imagine a new generation of children being raised on Pitcairn”.

199. The Review recommended “that there be no changes to the stipulation that off-islander professionals cannot be accompanied by their children”. Although this observation is not questioned in this Report, it should be noted that this stance sends a negative signal to potential immigrants.

200. As there are still negative perceptions around the inability to bring children on-island and concerns regarding child protection issues, there will be no immigration or investment by Diaspora or others without an increased level of acceptance of the need

⁴³ Child Safeguarding Review, DfID (2013)

for a change in past practices. The recommendations in the Review attempt to deal with these issues, however the onus is ultimately on the Pitcairn community.

201. The Immigration Policy appears to focus on maintaining the current levels of population but this is not economically sustainable for Pitcairn Island in the long term. The SDP has a target of 80 persons by 2016 and this at least acknowledges that a higher level of population is required to work towards economic sustainability and a reduction in budgetary aid.

202. The SDP's aim to increase the total population to 80 by 2016 is particularly ambitious. To achieve this in the next three years means new immigrants numbering 35 – a 70 percent increase on the current population. PIC will also require very proactive engagement with perhaps 2-3 times the target of 35 additional people, as there will likely be a high natural drop-off rate.

203. Under the SDP to address the risks and uncertainties associated with immigration targets it was proposed to not narrowly focus upon only increasing the resident population, but to broaden the vision to encompass and attract a transient population. However, the decision to use on-island labour to complete Tedside construction meant that an opportunity to bring in an able-bodied transient population was lost.

204. In reality, no-one will migrate to Pitcairn Islands for economic reasons as there are limited government jobs, a lack of private sector employment, as well as considerable competition for the tourism dollar.

C. Diaspora Survey Key Findings

205. A Diaspora Survey conducted in October-November 2013 identified three main barriers to Diaspora returning to Pitcairn, specifically the issues around the history of widespread child sex abuse, acceptance of outsiders and new ideas, and island accessibility.

206. Issues relating to Operation Unique and related publicity have created a clear reluctance of Diaspora, especially those in NZ, to publicly identify themselves as Pitkerners. This has manifested itself in the older generation protecting their children and grandchildren and the divisions amongst the Diaspora and between the Diaspora and on-island community. It has also severely sullied Pitcairn's reputation internationally. Comments provided that on-island social norms do not conform to acceptable international norms and reference to multi-generational inappropriate social behaviour will not help immigration.

207. The second issue pertaining to the acceptance of outsiders emphasised the need to be welcoming, open and accepting of new comers and new ideas, whatever their source, duration or purpose of stay, thus allowing the full participation of the community in its well-being and future progress. This includes the need for on-island

government jobs to have a greater degree of transparency around required skills and recruitment process.

208. The third issue of island accessibility impacts other economic development factors as well as social factors of health (e.g. around medical evacuations), education (e.g. children needing to complete their high schooling off-island) and general isolation. Potential new residents have concern regarding the relatively costly and infrequent ship access, as it impacts any economic development activities they may engage in as well as social services.

209. All three barriers are interconnecting as their associated issues are complex and manifest in differing forms and many are exacerbated or even driven by each other. However, mechanisms to address them need to be found, otherwise immigration and increased investment efforts are largely futile.

210. The Survey did not identify significant interest among the Diaspora in returning to or investing in Pitcairn. Indeed many responded that this initiative was 15-20 years too late. Despite the above mentioned barriers they are likely to make continued occasional visits to see close relatives and friends, to remain proud of their history, and are avid followers of publications such as Dem Tull and Pitcairn Miscellany.

211. The Diaspora in general are not an affluent group, readily in a position to take risks or make investments, but it is possible some may respond in modest ways to pre-prepared business propositions. PIC needs to play a leadership role to develop SDP implementation proposals that Diaspora could respond to either through providing labour, materials, or finances.

D. Island Capability

212. In times past some 200 people have lived on Pitcairn Island, though not with the same standard of living as is currently expected. Increased access to and knowledge about the outside world creates expectations of residents.

213. There is housing for the current population as well as a number of houses available for long and short-term rent. Over half the resident households are registered accommodation providers so could provide short-medium term rentals. However, this would need to be balanced against tourism demand for accommodation. Residents themselves would be best placed to map this out to make the most efficient use of available housing resources, before contemplating new housing requirements.

214. A larger population, especially if short term will require on-off island transport. This may impact the *MV Claymore II* and require additional voyages from NZ or between Adamstown and Mangareva. Increased demand for electricity and food stuffs will require increased cargo. As the *MV Claymore II* is used to bring tourists to Pitcairn the increased demand to transport more residents and potential immigrants should not

negatively impact efforts to increase tourism. The *MV Claymore II* is heavily subsidized by the UKG and additional voyages are unlikely to be self-funding. Therefore without a reconfiguration of the shipping costs this could result in an increased financial burden to the UKG.

215. The people providing social services for example the doctor, teachers, police officer and family and community adviser have the capacity to provide services to a larger population. Those residents in government roles also potentially have the capacity to manage a larger store, handle increased post office traffic, and so on. However a review of hours worked in some roles may need to be undertaken.

216. The utilization of the labour and skills of any potential new-comers may require change to current employment practices – for example reducing the six-month residency to be eligible for government jobs, and a high degree of transparency so that newcomers are quickly assimilated and made to feel welcome and part of the community.

217. Noting the current aging population and the serious human resources constraints any repopulation (short or long term) of people over 65 years of age only compounds the current high dependency ratio. Pitcairn should be cautioned against adding to its pension-aged population as this will seriously threaten the ability to operate and maintain the islands infrastructure, public works and other services, especially health care.

218. There is a need for an improvement in the somewhat fraught or unhealthy relationship between the PIC and the UKG. All aspects of economic opportunity and new and existing livelihoods need to be shared with the community pulling together rather than pulling apart as the population is too small not to make optimal use of scarce human resources, skills and ideas.

E. The Economy and Aid Dependency

219. The Pitcairn economy has become highly aid dependent, both through direct budgetary support, and subsidies for day to day living.

Private Sector Income

220. Sources of income on the island derive primarily from government salaries, the sale of curios, the letting of accommodation to tourists, remittances from relatives overseas, and savings and investments income overseas. Incomes vary considerably from household to household and there have been no household surveys to establish either the range of, or average, incomes.

221. For more than five years, tourism has been identified as the only sector that has the development potential to generate increased economic self-sufficiency and reduce the annual budget deficit.

222. The private sector earns income from the sale of handicrafts and curios to cruise ship passengers. Average income from this source is estimated at \$3,000 per annum per adult⁴⁴. Anecdotal evidence suggests this may be considerably underestimated.

223. The alternative harbour development at Tedside has been extensively promoted to provide additional earnings from Cruise ships once complete. The engineering report from Tonkin & Taylor estimated that the new landing at Tedside would increase the possibility of cruise ship passengers being able to get to shore by 40 percent.

224. Based on this an increase in average income to \$4,200 per person from 2016/17 onwards would be expected, based on an estimated Tedside completion date in early 2016 (refer table 6 below). Of course, this will require a similar increase in time and effort on carving and other activities, further complicating the issue of how people utilise their limited time between government employment and economic activities. It also calls in to question the islands capability for catering to this increased demand with an aging and declining population.

225. This is a best case scenario and does not factor into the equation that by 2015 there will be only two coxswains to ferry passengers ashore. If one of them is off-island or unavailable, only one longboat would be operational resulting in a decline in the number of passengers able to come ashore.

226. The private sector also earns income from tourists who arrive on the *MV Claymore II*. There are currently 14 registered accommodation providers⁴⁵ who each earn up to \$3,000 per annum for food and accommodation⁴⁶ from tourists and visiting officials.

227. From 2014 there will be three extra Mangareva/Pitcairn voyages by the *MV Claymore II* which has the potential to bring 36 more tourists per annum to the island. This could potentially bring in a total of \$67,000 per annum for Pitkerners, based on \$100 expenditure per person per day, with an average of a five day stay (refer table 6 below).

228. Three options have been identified with regards to Pitcairn's marine resource: exports to Mangareva, offshore fishing licences and a marine reserve (note the latter two options are mutually exclusive).

229. The SPC considered the feasibility of fish exports to Mangareva but the proposal only estimated a return of USD20.36 per fishing trip per fisherman, excluding

⁴⁴ Review of the Quality and Cost-Effectiveness of Health Care and Social Welfare Provision for Pitcairn Island, Olivier Weil and Janet Gardener, January 2013.

⁴⁵ Pitcairn Island Tourism website <http://www.visitpitcairn.pn/visitpitcairn/accommodation/index.html>

⁴⁶ Review of the Quality and Cost-Effectiveness of Health Care and Social Welfare Provision for Pitcairn Island, Olivier Weil and Janet Gardener, January 2013

costs of processing for export and the Agent at the Mangareva end. At best this is a minimal return and most Pitkerners will likely see other activities as more economically viable. The risks outlined earlier suggest that fish exports are not a viable prospect in the short to medium term.

230. The 2011 SPC Fishing Study⁴⁷ estimated annual revenue from fish sales to cruise ships to be \$17,000⁴⁸. Once the Tedside landing is complete, there is potential for a 40 percent increase to \$23,800, which is a better economic option as there is less risk than fish exports to Mangareva.

231. The option to provide fishing licenses is the only one that could provide government revenue and thus would impact directly on budgetary aid requirements of the Pitcairn Islands. More importantly in the short to medium term, catch data from any licencing activity would fill a void as there is little information on current fish stocks in the Pitcairn EEZ.

232. The Marine Reserve proposal is promoted on the basis that it will put Pitcairn on the map as the largest marine reserve in the world. This is unlikely to last long as Pew Charitable Trust is promoting other potential marine reserves, such as in Antarctica which is considerably larger. Although the Reserve is promoted to Pitcairn on the basis of increased tourism and associated employment it has not been articulated how this will eventuate. In fact, who will pay for managing and policing of the Reserve is likely to be a key issue.

233. Based on information available in the Health Report⁴⁹ on current income table 6 below estimates the impact of the Tedside landing development. Any income earned during the construction phase is not taken into account.

Table 6: Estimates of annual household earnings

Source	Current	Forecast (post Tedside completion)
Government salaries	\$12,600	\$12,600
Handicrafts	\$6,000	\$8,400
Accommodation	\$3,000	\$5,000
Fishing	\$1,000	\$1,400
Total	\$22,600	\$27,400

Source: Health Care and Social Welfare Report, January 2013

⁴⁷ Economic Viability Study of Commercialising the Pitcairn Islands Fishing Sector, SPC, December 2011

⁴⁸ USD12,800 converted using December 2011 exchange rate of 1.3255

⁴⁹ Review of the Quality and Cost-Effectiveness of Health Care and Social Welfare Provision for Pitcairn Island, Olivier Weil and Janet Gardener, January 2013

234. The forecast of a possible \$5,000 per household increase in annual household earnings is significant but the subsequent average annual household income of \$27,000 is still low. In New Zealand the average annual household income was \$83,163 (gross) in 2011/12.

235. The PIO banks between \$75,000 - \$100,000 per annum from money deposited with the Government Treasurer on island. This money comes from sales to cruise ship passengers, yachts, passing cargo vessels, and short stay tourists.

236. Cash remittances are low and are generally to pensioners. From the manifests of *MV Claymore II* remittances in kind, in the form of food, clothing and other household items, are more important and regularly provided.

237. Household expenditure data is being collected under an exercise to calculate average annual expenditure and from there to derive a basket of goods and services to calculate a Pitcairn specific CPI. The results of this exercise provide average household expenditure which can be compared to the average household income data above.

Aid Dependency

238. The markets for stamps, coin sales and domain registration remain challenging and are unlikely to provide any significant increases in revenue in the future. As noted above the Tedside development has the potential to increase landing fees but is not of a significant amount to positively impact budgetary aid.

239. Tourism provides landing fees income for government. Increased charges from USD30 to USD50 came into effect from November 2013. Assuming no change in the number of cruise ship visits, landing fees will increase to \$65,000 per annum from 2014/15⁵⁰.

240. Once the alternative harbour development at Tedside is completed landing fees have the potential to increase to \$91,000. Realistically, landing fees will not be a driver for any significant reduction in budgetary aid requirements.

241. Tax issues have been raised on numerous occasions and although this would increase revenue the island could not raise enough from taxation to fix the budget deficit problem. Taxing a declining and aging population will not have a positive impact on the community. Any revenue raising efforts that target the local population may not be hugely successful as the income of islanders is not high. No islanders would be

considered as well off, however, they do have what they consider is a comfortable lifestyle.

242. The introduction of income tax would further raise the issue of the government wage which may have to be increased to reflect the introduction of the tax, and this would then have a neutral impact on the fiscal deficit.

243. If in the future there was a need to raise government revenue it would be a better option to remove or adjust the subsidies, such as those on freight, electricity, and telecoms, rather than introduce any new taxes.

244. Freight from Tauranga to Pitcairn on the *MV Claymore II* is charged at \$350/m³ for Pitkerners and \$1000/m³ for all other freight. However, the true cost of freight is significantly higher. It currently costs PIO \$600,000 per voyage to Pitcairn, including Mangareva trips which have the potential to collect \$100,000 income in passenger fares. This leaves a balance of at least \$500,000 per voyage to be covered by freight income. Volume of freight varies per voyage but in 2012/13 the average freight per voyage was 112m³. This implies a cost for freight of \$4,500m³ per voyage in 2012/13.

245. Based on the actual cost of freight no-one could afford the true cost of importing items to the island or pay the true costs of diesel-generated electricity. The current subsidy that Pitkerners are paying is less than 10 percent of the true freight cost.

246. As the largest component of the budget the shipping contract should be reviewed as to the most efficient means of meeting obligations to the island.

247. Based on current socio-economic conditions, there is little opportunity to raise revenue significantly in the foreseeable future, in fact there is a higher risk that revenue items may fall further. Table 7 below provides forecasts of revenue and expenditure and likely deficit for selected years.

248. It is assumed in the forecasts that costs will increase by 10 percent every five years, an annual inflation rate of less than two percent. The forecasts do not take into account any capital costs such as telecoms upgrade or replacement electricity generators.

249. Specific adjustments to the forecasts include the discontinuing of the FCA role by 2020. The teacher and police expatriate roles are also removed by 2025 due to lack of children and half the population being pensioners. It is also assumed that if the current child pornography case results in a conviction that incarceration will be off island, if it is on-island then significant prison costs would need to be factored into expenditure.

250. A major risk to the shipping costs is that fuel prices increase at a much higher rate than the estimated inflation rate. Also with an aging population the costs of medical services, both on and off island may also increase at a rate greater than forecast.

251. Opportunities for decreasing expenditure are limited. The two largest items in the Pitcairn Government budget are the cost of the expatriates on the island and the

shipping costs. These account for over 60 percent of expenditure. In 2012/13 budgetary aid totalled \$5.5 million, which represents over \$100,000 per person. By 2025 budgetary aid is forecast to be \$6.6m, or \$175,000 per person.

Table 7: Fiscal forecasts (\$000s)

	2013	2015	2020	2025	2030	2035	2045
Revenue items							
Stamps/coins	-9	35	30	30	30	30	30
Domain reg.	68	70	65	60	55	50	45
Landing fees	36	65	91	65	45	45	45
Other	49	30	30	30	30	30	30
Total revenue	144	200	216	185	160	155	150
Expenditure items							
Community Div.	1,366	1,400	1,430	1,298	1,428	1,571	1,885
Other on-island	590	600	660	726	780	878	1,054
Utilities	290	345	380	417	459	505	606
Shipping	2,175	2,410	2,651	2,917	3,208	3,529	4,235
PIO	1,167	1,200	1,320	1,452	1,597	1,757	2,108
Total expend.	5588	5,955	6,441	6,810	7,492	8,240	9,888
Surplus (deficit)	-5,444	-5,755	-6,225	-6,625	-7,332	-8,085	-9,738

252. There is no foreseeable way of reducing budget support in the short-medium term. With the increasing price of oil it is likely that Pitcairn's largest budget component, the shipping contract, will rise in the future and budget support requirements will increase.

Attachment 1: Terms of Reference**PITCAIRN ECONOMIC DESK BASED REPORT****Background:**

The Pitcairn Islands constitute one of the UK's 14 highly diverse Overseas Territories, governed by the British High Commissioner to New Zealand (as non-resident Governor of Pitcairn). Under the new Constitution (March 2010) the role of the Pitcairn Island Council was established to manage internal affairs.

The Pitcairn Island group comprises four Islands located in the South Pacific Ocean: Pitcairn, Henderson, Ducie and Oeno, of which Pitcairn itself is the only inhabited island with a resident population of 52 islanders (March 2012) and a small number of non-residents including the Governor's representative and essential technical staff (doctor, teacher, police officer, family and communities adviser).

The economy of Pitcairn is currently based on local government jobs, subsistence activities⁵¹ and the sale of handicrafts (mainly to passing cruise ships). Until recently, Pitcairn was economically self-sufficient with a primary source of income from the sale of postage stamps and coins. However, a downturn in the market has left the island financially dependent on UK budgetary aid since 2002, raising many challenges for future sustainable development opportunities.

Purpose:

As a result of the change in the island's fortunes, the Pitcairn Island Council (PIC) has developed a Strategic Development Plan (2012-2016) which sets out the views and aspirations of the Pitcairn Islanders for the socio-economic development of Pitcairn. This is largely based on trying to boost revenue through increasing tourism, small business development and honey production.

A consultant or consultancy firm is required to undertake an economics survey to inform the PIC and the UK Government (UKG) of current condition of the Pitcairn economy, the potential for economic development and future scope for reducing dependency on UK budgetary aid.

Scope of the work:

- A report that includes a review of existing economic analyses to date and considers the opportunities and/or binding constraints affecting future economic development and sustainability of the island.
- An analysis of how the demographics (identified in the Health Review, SDP and Immigration policy) would affect the island's economic status and potential up to 2045 based on current trends and possible variations.

⁵¹ Beekeeping (with honey production for export), fishing, fruit and vegetable cultivation, some animal husbandry, some bartering with cruise ships.

- An assessment of what level of community the island could potentially accommodate, setting out the infrastructure, resource and financial implications
- An assessment of Pitcairn's economy and the potential for reducing aid dependency and identifying opportunities for increased income from existing streams and any viable alternative income streams along with the likelihood of success of these including a cost/benefit analysis of the economic scenarios.

Methodology:

- The reviewer will read the previous studies and background material provided by the FCO, DFID and PIO;
- Review EU and SPC inputs and funding for Pitcairn both current and possible future levels;
- Review the island's resources, assets and unique selling points against current levels of exploitation to establish possible areas for development. This should include the proposal to establish a Marine Reserve within Pitcairn water; and,
- Complete a desk-based comparison of Pitcairn's situation with that of neighboring similar Pacific communities to establish any opportunities missed by Pitcairn to date but exploited elsewhere as well as useful strategies and opportunities for developing trade links or e.g. possible population recruitment catchment areas

Outputs:

- (i) A draft report setting out key findings for discussion with PIC and UKG.
- (ii) A final report, taking into account feedback from the PIC and UKG.

Timing:

It is envisaged that the assignment should be completed within the space of a 6 week period, allowing time for discussion and report completion.

Contracting:

This work will be contracted by the Pitcairn Island Office (PIO) in Auckland. Interested parties should submit a short proposal (no more than 2 pages, excluding any annexes) to the PIO, detailing their approach, timescale and costs. The party selected for this work will agree final timescale and costs prior to signing of contract. Any amendments to this ToRs will be recorded at that time.

Reporting:

The Consultant will report to the PIC and UKG through the PIO. No visit to Pitcairn Island is envisaged. However, regular video-conferencing between Pitcairn, Auckland and the UK is expected.

All documents will be submitted electronically in Microsoft Word format, using Arial 12 point font, single line spacing with numbered paragraphs, appropriate headings and page numbering. All drafts and final reports must be thoroughly proof-read and corrected to acceptable standards of English before dispatching to stakeholders. Spreadsheets should be compatible with Microsoft Excel.

Expected competences:

- Professional Economist with at least ten years work experience in analyzing socio-economic scenarios.
- Excellent report writing and oral communication skills.

Desirable competences:

- Experience in working with small islands
- Knowledge of Pitcairn and the Pitcairn Diaspora
- Experience of working with Government and civil society stakeholders

Pitcairn Island Office

Auckland

Attachment 2: Document References

- Pitcairn Island Air Service: Business Plan, Graham Wragg & David Evans, August 2002
- Pitcairn Island Report, Jaques & Associates Ltd, November 2003
- Pitcairn Island Airport Feasibility Study, AirPlan, April 2004
- Pitcairn Islands, Single Programming Document, The Office of the Governor of Pitcairn, Henderson, Ducie & Oeno Islands, Pitcairn Island Council, European Commission, August 2004
- The Potential for Development of Fisheries in the EEZ, SPC, January 2005
- Pitcairn Island Tourism Development Feasibility Study, Tourism Resource Consultants Ltd, June 2005
- Feasibility Study into Options for Providing Access to Pitcairn, Pacific Marine Management & McGregor & Company, June 2005
- Project Memorandum, Pitcairn Budgetary Aid 2007/08, Overseas Territories Department, May 2007
- Tedside Landing, Tonkin & Taylor Ltd, 2008
- Pitcairn Island 2008 Cruise Ship Survey, Tourism Resource Consultants, June 2008
- Economic Development Options for Island States: The Case of Whale Watching, Brendon J Moyle, Mike Evans, 2008
- Pitcairn Islands & Secretariat of the Pacific Community Joint Country Strategy, 2009 – 2013, SPC, August 2008
- Pitcairn Islands Joint Country Strategy, Yearend Report, Secretariat of the Pacific Community, Reports for years 2009, 2010, 2011
- The Migration of Vulnerability, Mutiny, resilience and reconstitution: a case study of Pitcairn Island, Maria Amoamo, University of Otago, 2011
- Remoteness and Myth Making: Tourism Development on Pitcairn Island, Maria Amoamo, University of Otago, February 2011
- Economic Viability Study of Commercialising the Pitcairn Islands Fishing Sector, SPC, December 2011
- A Recommended Framework for Domestic Fisheries Development in Pitcairn Islands, SPC, December 2011
- WHO Country Cooperation Strategy for the Pitcairn Island 2013-2017, World Health Organisation, 2012
- The Determinants of Migration in Small Islands, Jingqui Guan and Jerome L McElroy, 2012

The Overseas Territories: Security, Success and Sustainability, FCO White Paper, June 2012

Review of the Quality and Cost-Effectiveness of Health Care and Social Welfare Provision for Pitcairn Island, Olivier Weil and Janet Gardener, January 2013

Project Completion Review, Pitcairn Budgetary Aid, 2012/2013, DFID, June 2013

Is Offshore Commercial Fishing a Prospect in the Pitcairn Islands? Pew Charitable Trusts, National Geographic Society, and Pitcairn Island Council, September 2013

The Potential Tourism Impact of Creating the World's Largest Marine Reserve in the Pitcairn Islands, The Pew Charitable Trusts, National Geographic Society and Pitcairn Island Council, September 2013

Pitcairn Marine Research Plan, The Pew Charitable Trusts, National Geographic Society, and Pitcairn Island Council, September 2013

Developing an Effective Enforcement System for a Marine Reserve in the Pitcairn Islands The Pew Charitable Trusts, National Geographic Society, and Pitcairn Island Council, September 2013

2013 Child safety Review, Pitcairn Island, McKenzie & Sheath, 2013

Attachment 3: Fiscal Tables

Government Revenue & Expenditure (\$000)

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Revenue												
Stamp sales (net)	255.1	224.0	257.0	175.9	210.0	309.9	268.0	319.1	216.7	262.3	279.0	365.2
Domain registration												482.6
Coins												7.8
Landing fees										28.1	19.3	20.0
Interest	332.6	492.1	466.9	290.4	156.6	84.4	95.3	202.3	158.9	142.4	112.5	122.1
Miscellaneous	224.5	99.4	138.1	86.8	54.1	47.7	50.8	78.4	116.2	25.3	28.4	28.4
Total Revenue	812.2	815.6	862.1	553.1	420.7	273.1	414.1	599.9	491.8	490.8	460.5	1,026.1
Expenditure												
GPI Council										16.6	17.2	19.2
Community Division	136.5	135.4	165.2	152.2	132.8	133.6	158.4	133.4	144.2	106.9	139.0	155.5
Natural Resources D.										1.2	1.2	3.7
Operations Division	201.6	95.6	218.4	202.5	161.4	159.2	189.9	109.4	115.6	157.6	190.4	86.6
Telecoms (net)										25.5	35.5	36.0
Electricity (net)											20.7	29.4
Shipping (net)											115.8	34.3
PIO	438.7	387.1	434.4	459.3	379.8	357.6	356.7	358.9	407.0	233.9	280.4	416.8
Total Expenditure	776.8	718.1	818.0	814.0	674.0	650.5	705.0	601.7	666.8	541.7	758.8	722.7
Surplus/(deficit)	35.4	97.4	44.1	-260.9	-253.2	-377.4	-290.9	-1.8	-175.0	-50.8	-298.3	303.4

Government Revenue & Expenditure (\$000) cont.

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue												
Stamp sales (net)	195.7	215.7	189.1	39.2	54.5	65.4	46.9	2.4	-23.3	21.4	53.4	-16.6
Domain registration	131.6	129.2	100.6	89.3	52.9	79.7	58.7	77.9	77.4	72.7	73.2	67.5
Coins	5.1	3.8	9.7	3.6	20.5	4.2	10.6	3.7	17.2	13.0	25.4	7.4
Landing fees	17.3	44.5	37.8	41.7	60.1	43.4	39.2	37.8	35.2	41.3	45.3	35.5
Interest	49.6	81.8	58.9	27.8	1.6	3.4	3.7	3.1	5.5	3.4	5.9	16.3
Miscellaneous	11.2	39.6	17.7	13.9	7.3	13.0	9.7	23.9	11.0	16.3	20.9	32.8
Total Revenue	410.5	514.5	413.8	215.5	197.0	209.1	168.8	149.0	123.0	168.0	224.2	142.9
Expenditure												
GPI Council	21.3	22.4	24.1	29.3	25.8	24.8	53.2	84.0	109.0	58.4	56.0	71.8
Community Division	195.1	170.5	212.7	339.2	733.0	641.1	1,034.5	1,323.4	1,464.6	1,326.0	1,431.9	1,366.0
Natural Resources D.	3.9	1.2	3.5	29.9	23.8	74.1	30.7	19.1	18.3	29.5	64.7	28.5
Operations Division	139.6	106.7	130.4	152.4	159.2	267.9	375.1	383.6	356.0	332.3	385.9	488.9
Telecoms (net)	23.2	27.0	41.8	40.2	50.7	56.4	288.9	243.8	237.4	210.7	414.1	334.1
Electricity (net)	-29.3	-30.1	-39.3	-43.7	39.3	109.8	124.0	49.4	-40.6	-27.8	-63.1	-44.4
Shipping (net)	71.6	46.9	75.2	180.8	97.2	450.8	482.6	544.7	1,611.3	1,810.3	1,929.9	2,175.5
PIO	415.9	381.1	384.8	613.7	629.0	603.2	791.9	965.8	882.4	747.0	907.7	1,165.7
Total Expenditure	841.2	725.6	833.1	1,341.8	1,758.0	2,228.0	3,180.9	3,613.9	4,638.3	4,486.4	5,127.1	5,586.1
Surplus/(deficit)	-430.7	-211.1	-419.3	-1,126.2	-1,561.0	-2,019.0	-3,012.1	-3,465.0	-4,515.2	-4,318.4	-4,902.9	-5,443.2

Attachment 4: Economic Tables

Budgetary Aid Missions since 2006 have recommended the development of an Annual Statistical Database in order to provide consolidated up-to-date social, economic and financial data on a consistent basis that would enhance knowledge, management and planning for Pitcairn. To date, limited information is available.

Table 4.1: Domain Registration Fees

Category	Nos	Fee (USD)
Corporate – annual		
Domain (.pn)	342	100
Domain (.co.pn, .net.pn, .org.pn)	376	50
Corporate – monthly	87	120
Personal	20	50

Table 4.2: Electricity tariffs

Kw/month	Residents	Non-residents & Govt. buildings
April 2007		
Less than 210	0.55	2.00
210 - 250	0.65	2.50
More than 250	0.70	3.00
April 2008		
Less than 210	0.60	2.20
210 - 250	0.72	2.75
More than 250	0.77	3.30
April 2009		
Less than 210	0.60	2.55
210 - 250	0.85	3.15
More than 250	0.90	3.80

Table 4.3: Telecom Charges

Category	Residents	Non-residents & government
April 2008		
Phone	5.0	5.0
Internet	15.0	15.0
April 2009		
Phone	10.0	10.0
Internet	30.0	30.0
April 2010		
Phone	15.0	40.0
Internet	40.0	80.0

Table 4.4: Cruise Ships and Visitor Arrivals (Non-Claymore)

Year (April-March)	Cruises	Yachts	Private Charters
2009/10	394	106	44
2010/11	406	37	38
2011/12	728	65	26
2012/13 (missing Jan-April 2012)	87	76	6
Total	1,615	284	114

Source: Pitcairn Island Office & PIC

Table 4.5: MV Claymore II Passenger Manifest Arrivals

	Pitkerners	Officials	Tourists	Total
2009/10	16	35	2	53
2010/11	15	17	6	38
2011/12	11	14	7	32
2012/13	7	49	24	80
2013/14 (to date)	28	25	18	71

Source: Pitcairn Island Office & PIC

Table 4.6: Registered Accommodation

Accommodation	# of rooms	Price USD per night
Big Fence	2 bedroom home-stay	\$100 per person
Big Flower	2 bedroom house	\$120 per person
Bubu Hideaway	1 bedroom chalet	\$80 per person
Down Alwyns	1 bedroom home-stay	\$85 per person
Down Flatcher	3 bedroom home-stay	\$100 per person
Down Thornton	2 bedroom house	\$80 per person
Flatland	1 bedroom chalet	\$100 per person
Jacq's place	2 bedroom house	\$110 per person
Maimiti Haven	2 bedroom home-stay	\$100 per person
Plas Pitcairn Chalet	3 bedroom house	\$120 per person
Pommy Ridge	3 bedroom home-stay	\$70 per person
Te Kiva Bounty	1 bedroom chalet	\$100 per person
Up Tommy's	3 bedroom home-stay	\$80 per person
Up Tibi	3 bedroom home-stay	\$70 per person

Source: Pitcairn Tourism Website