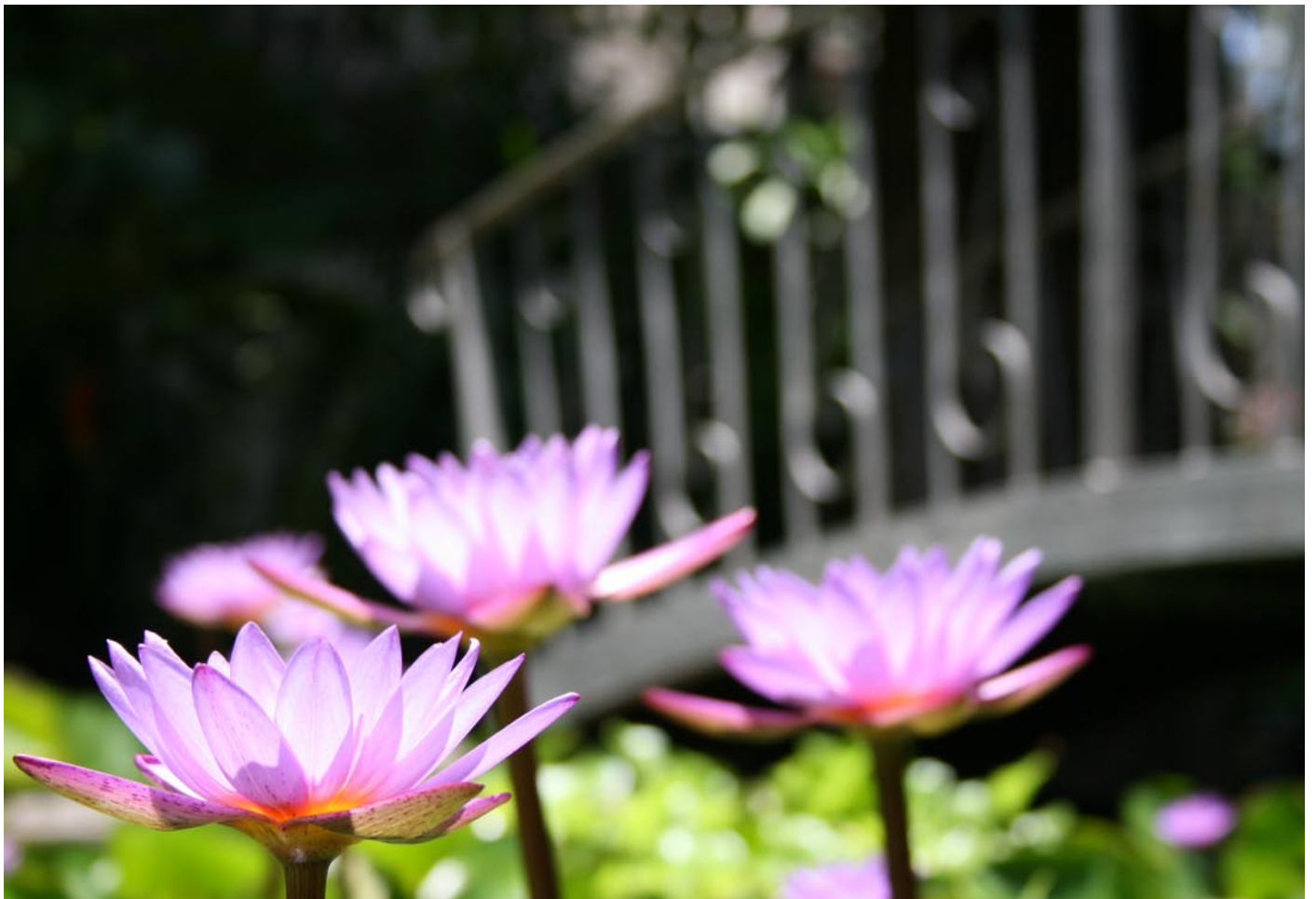


JANUARY-DECEMBER 2008 REPORT

Pacific Islands Trade and Investment
Commission, Sydney



The Pacific Islands Trade and Investment Commission is an agency of the Pacific Islands Forum Secretariat and is funded by AusAID

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NOTE :

This 2008 End of Year Report should be read in conjunction with PITIC's:

- 2008 Bi-Monthly Reports
- 2008 Trip reports
- The 2006-2008 Strategic Plan
- 2008 Audit Report (available March 2009)

Foreword

2008 was a momentous year for the Pacific Islands Trade and Investment Commission (PITIC), Sydney office, as it marks 30 years since its inception in 1978. During this landmark year PITIC achieved some very positive outcomes for the Forum Island Countries.

Investment, export facilitation, tourism promotion and communication support all added value to a large number of client projects throughout the year and I would like to take this opportunity to highlight a few of our key achievements.

The Special Projects Section (SPS) had great success with regional investment engagement with Micronesia and continued to provide support to members of the Solomon Islands' Small Medium Enterprise Council (SMEC) to improve the quality of their loan submissions and financial reports. SPS also engaged in productive discussions with a number of key organisations on the subject of seasonal labour mobility into Australia and with the Australian government's recent announcement of its intention to proceed with a pilot program, PITIC looks forward to supporting the initiative.



Export and Enterprise Development (EED) continued to uphold PITIC's mandate to facilitate trade by servicing 266 substantial trade related enquiries. EED's successes also involved the development and implementation of Export Business Plans (EBPs) or Market Entry Plans (MEPs) for Forum Island Countries (FICs) and partnership enterprises. EED also engaged with new and emerging trade opportunities such as Carbon Trading and participated in discussions and formulation of recommendations on the modification of Fair Trade / FLO eligibility.

Tourism Promotion and Development (TPD) produced a number of highlights this year including a joint tourism promotion event with South Pacific Travel in which a seminar was held at the Grace Hotel in Sydney. TPD also provided support to the Pacific Arts Alliance activities including the Alliance's hosting of the first ever Pacific Arts Forum at the 10th Pacific Festival of the Arts in Pago Pago, American Samoa in mid July.

Information Support Services (ISS) benefited a number of clients in the region through the development of marketing tools such as website design and hosting plus the creation of promotional collateral. ISS continued to assist and add value to many of PITIC's communication based projects including the development and distribution of information guides and resources, and the raising of the Commission's profile within the region.

During October PITIC's full support was given to the PIPSO SMME Conference in Samoa. This provided the perfect opportunity to keep up to date with issues currently affecting the Private Sector in the region while gauging PITIC's success. Out of the 24 Case Studies presented during the Parallel sessions, fully 8 of these were presented by people and organisations who have been receiving long term and meaningful support, training, and sponsorship from PITIC, Sydney. The conference also provided a great platform on which to introduce PITIC Sydney's new Trade Commissioner to many key stakeholders and initiate the forming of new relationships.

PITIC is in the process of finalising a three year Strategic Plan (2009-2011) which captures the essence of how we will achieve the long and short term goals mandated to us through PIFS as well as contribute to the region's aim of achieving the Millennium goals.

Another important event of 2008 was the change over of Trade Commissioners. Lady Aivu Tauvasa's contributions to PITIC over the last nine years saw the Commission develop as a respected and highly functional diplomatic unit. Aivu's transition from PITIC to other duties occurred in October 2008. It is with respect for the achievements of the past and also a clear vision of the future that I now step into this exciting and challenging role. I am determined to support and guide PITIC, Sydney through the upcoming economic slowdown and secure tangible and client focused outcomes that will benefit all of the Forum Island Countries.

In conclusion I would like to thank everyone involved in PITIC Sydney's most recent year of operation, and for welcoming me to the office, the Forum and the Pacific Region. I am eager and optimistic about the challenges ahead and go forward in the knowledge that we continue to find strength as a Forum of nations and cultures that combine similar principles and values into a shared vision for the future.

A handwritten signature in blue ink, appearing to read 'Caleb Jarvis'. The signature is stylized with a long horizontal stroke and a small flourish at the end.

Caleb Jarvis
Trade Commissioner

EXPORT AND ENTERPRISE DEVELOPMENT

Assisting Pacific Island enterprises develop sustainable business and trade activities

During January – December 2008, the Export and Enterprise Development Unit conducted and/or completed the following activities:

TRADE INQUIRIES / BUSINESS ASSISTANCE SERVICES

EED's Trade Enquiry and Business Assistance service continues to be well utilised by Pacific Island, Australian and third country public and private sector entities. During the report period a total of 466 inquiries were processed. Of this, 266 were substantive inquiries. Telephone inquiries requiring advice, assistance or information provided on the spot or at the time of the call, are not treated or logged as substantive inquiries in EED's Trade Inquiry Register.

The nature and origin of enquiries made during this period, demonstrates the following:

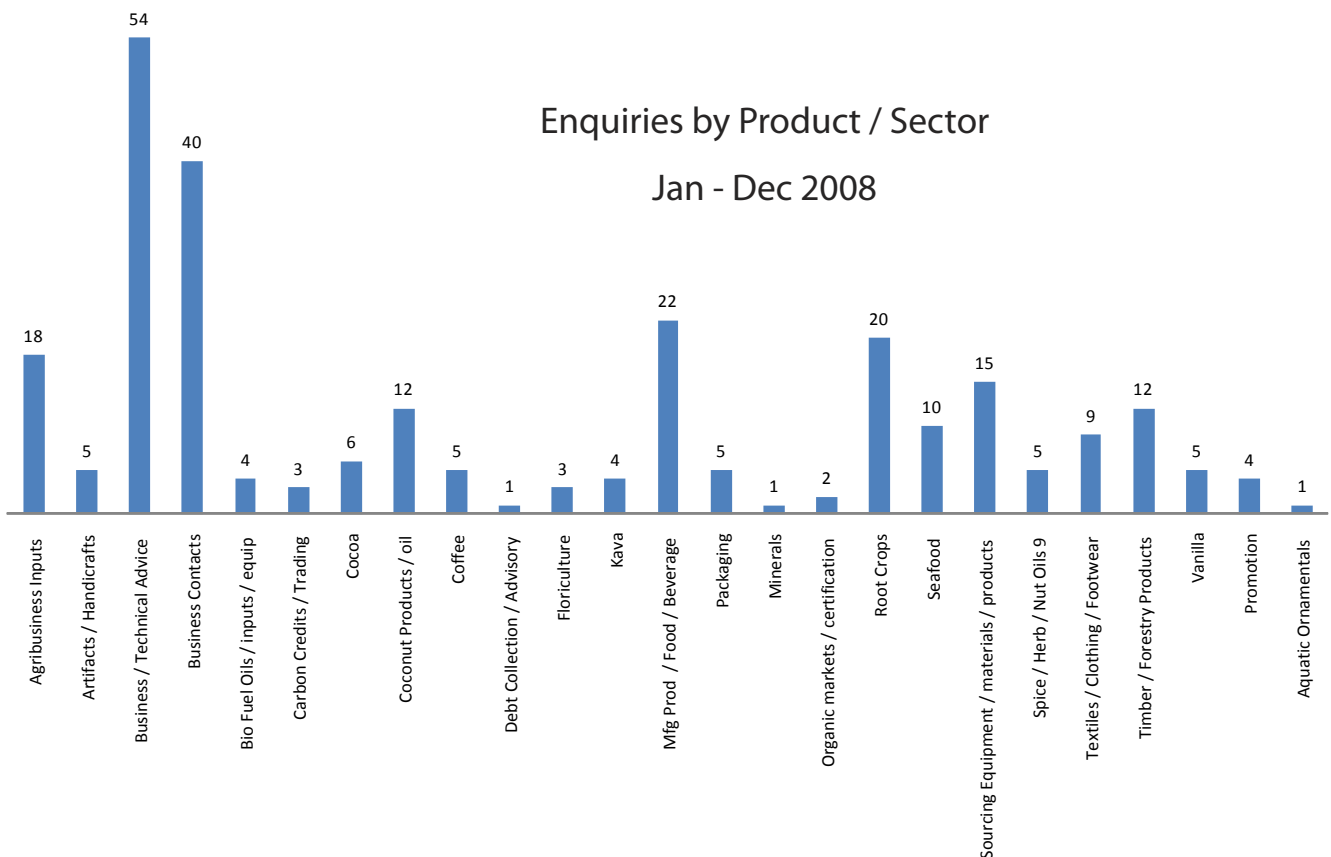
Pacific Island SMMEs, businesses, individuals and organisations are continuing to seek business advice including: specific market segment information for fresh and minimally processed agriculture based products, business plan/export planning advice, business set-up information,

packaging and labelling information, quarantine requirements and market access, product and/or equipment sourcing and industry /trade contacts. Facilitating this is EED's maintenance of two exporter/importer databases.

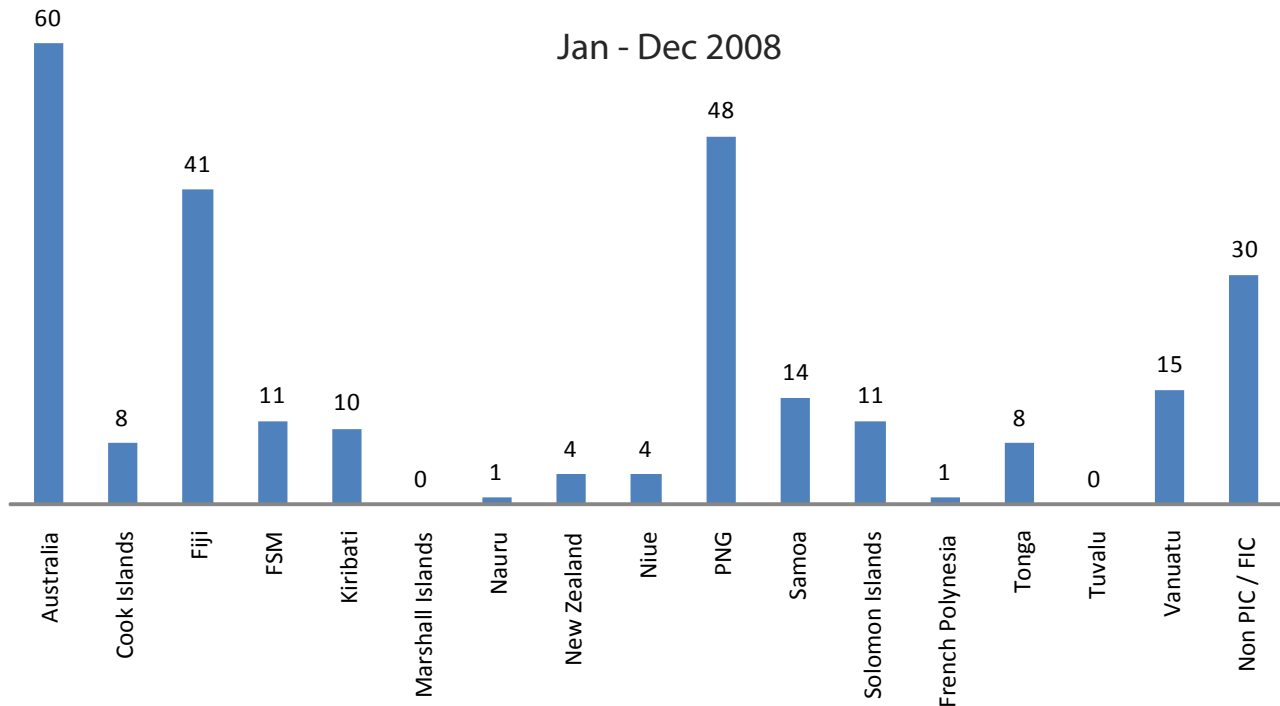
Procurement and sourcing requests, particularly regarding food processing machinery, low-tech and bio-diesel machinery have become more common particularly from rural and outer Island areas including Vava'u (Tonga), Malaita and Santa Isabel Provinces (Solomon Islands), Espiritu Santo (Vanuatu) and East and West New Britain Provinces (PNG). Commonly, requests are from individuals or small community groups who are establishing small operations to (initially) service the local market with a view to exporting in the future. EED is continuing to encourage the development of inter-Island trade where possible e.g. the sourcing of rice milling machinery ex PNG for Vanuatu.

Enquiries by Product / Sector

Jan - Dec 2008



Enquiries by Countries / Region



BUSINESS EXPORT PROGRAM (BEP)

BEP assists with the development and implementation of Export Business Plans (EBPs) or Market Entry Plans (MEPs) for PICs and/or partnership enterprises.

Essentially Pacific (PNG)

Under BEP support, the EED sourced and organised the shipping of new packing, dropper lid packaging and industry compliant materials and extraction equipment spare parts from Australia.



Pacific Spices (PNG)

The strategic alliance among Pacific Spices, the Community of Komgi (ENB) and Morgan's Hand Crafted Coffee / Goddess Chocolate reached a critical turning point in December 2008 with the EED sponsored site visit of the importer / manufacturer partner to the growing, processing and export sites. EED has been facilitating the development of this alliance and supply chain since 2005 ; the objective being the creation of the first single origin cocoa ex PNG which will be used exclusively for the manufacture of a co-branded boutique single origin chocolate. Once quality and consistency issues have been addressed, cocoa exports and the production of this chocolate will commence in 2009.

Previous activities include: EED facilitated and meetings and the Agreement for a 30kg cocoa sample for processing through the new Goddess Chocolate production facilities at Emu Plains (NSW); and ongoing development of a co-branding and distribution Agreement which aims to target high value food service providers etc in conjunction with Sydney-based Morgan's Handcrafted Coffee / Goddess Organic Chocolate.

Santo Exports (Vanuatu)

EED support to Santo Exports included developing a premium cocoa (wild grown) retail ready product and a bulk bean supply for African Pacific which resulted in an initial order of five (5) tons of cocoa beans.

EED located and facilitated the introduction of Santo Exports to an engineering company in PNG which is capable of providing an appropriate rice hulling machine. Rice cultivation has been encouraged by the Vanuatu National Government but now that farmers have harvested the grain, there is no one with the capacity to process the raw grain into a commercial product. Consequently, the Government has asked Santo Exports to assist.

Beyond Pacific Art (Australia, PNG & Regional)

EED, on an on-going basis, has been providing contacts and product procurement support to Beyond Pacific Art (traditional and contemporary arts and crafts) following the development of a website to retail products online.

Ambae Orchid Vanilla (Vanuatu)

With EED sponsorship, a website for Ambae Vanilla is under development. Photographs and images for use in the website have been sourced and provided to the Sydney-based web designer. The

framework for appropriate sales/transaction software has been completed.

Royal Tongan Coffee (Tonga)

Packaging for RTC was finalised during the report period. Printing of the packaging, which is the very final phase, is now dependant on the proponent obtaining barcodes ex New Zealand.

Export Culture (Tonga)

EED provided support for development and manufacture of Promotional and Point of Sale materials.

EED has assisted Export Culture throughout its development since “start up” in 2006. This company commenced export activities in late 2007 and reports the export of 13 containers to New Zealand, Australia and the USA in 2008.

COLLABORATION WITH NETWORK PARTNERS

EED used the PEGP Forum to maintain contact with industry, international peak bodies and organisations including Fair Match (Netherlands), Fair Trade ANZ and the Australian National University.

Country Visit (FSM & RMI)

During this country visit, which was undertaken jointly with the Special Project Section, PITIC: -

- I. Re-established solid network contacts in the public sector in both FSM & RMI; sourced samples from an agribusiness enterprise for possible inclusion under BEP (packaging & labelling).
- II. Identified and undertook ground work for a potential support agency / organisation to assist PSD with arrangements for a business toolkit workshop later in 2008 in RMI. PITIC has since provided PIFS with these contacts.
- III. Supplied multiple copies of the PITIC specific flyers and newsletters to be used in the library of a local College in FSM. These publications were very well received.
- IV. Sourced Australian and Chinese suppliers of tea bags to assist with a tea packaging and labelling project in FSM.
- V. Matched an Australian importer of crude coconut oil with Tobolar Copra Processing Authority (TCPA) in RMI for possible commercial distribution of bulk coconut oil in Australia.

TRAINING & UP-SKILLING IN BUSINESS DEVELOPMENT

VARDTCA (Vanuatu Rural Development & Training Centre). This has been an ongoing project since 2004-05 involving PITIC sponsorship of thirty (30+) plus female school leavers to be provided with basic artisan skills (carpentry, brick laying, and mechanical). The vocational type training is provided by US Peace Corps volunteers in all of the main outer island provinces of Vanuatu.

YOUNG ENTREPRENEUR DEVELOPMENT PROGRAM (YEDP)

After Dark Fashions (PNG)

ADF employees Kathleen Johnson and Rachel Leka completed a prerequisite training course in Fiji with United Apparel through TPAF. There were two subsequent meetings (i) the first between PITIC officers and four (4) executives of United Apparel to discuss ADF's expansion plans including a factory in PNG and (ii) with PITIC's Chris Brimble to discuss ADF's rebranding strategy. Following this a new logo was developed for ADF. For further details see ISS section.

FACILITATION OF INDUSTRY / SECTOR DEVELOPMENT

Carbon Trading Forum

EED participated in a Carbon Trading Forum, a one day segment of the PEGP Forum in Sydney. The forum included discussions on the possible

establishment of a private sector, voluntary Carbon Trading entity, and debate on the type of system, regulations and monitoring required and the role, responsibilities and benefits to PIC private organisations, landowners and groups.

Fair Trade / FLO

EED also participated in the discussions and formulation of recommendations on the modification of Fair Trade / FLO eligibility, required systems, formats and socio-economic demands - Fair Trade Australia and New Zealand (FTANZ) and Fair Match Support (Netherlands).

PIPSO AGM

EED represented PITIC interests the PIPSO AGM and Intellectual Property workshop and met potential new business network contacts and re-established contact with strategic partners in our core sector. A great deal of interest generated in PITIC / EED programs as a secondary outcome.

Regional SMME Forum

EED attended and participated (in conjunction with SPS, TPD, Information and the new Trade Commissioner) in the Regional SMME Forum. Six current and past EED clients were featured in the program.

Business Toolkit Workshop / PSD Workshop

EED attended and participated in (in conjunction with SPS and TPD) in the PSD Workshop conducted by the PSDS Unit of PIFS.

Traditional and Contemporary Artist / Craft / Handicraft Creator Register

Interviewed / photographed and collected details of artists and creators at the Ela Beach markets for the purpose of creating a registry of producers and their range of “products” to assist with the formalisation and facilitation of trade.

Also under sector development was the facilitation of tourism as a trade.

- I. EED part sponsored a project involving the Cook Islands in Mai Polynesia, a professional dance group based in Sydney. The hugely successful performance was the grand finale at the 2008 Global Development Network Conference in Brisbane. This annual Conference attracted over 400 participants from all over the world.
- II. During the report period EED also part sponsored Fiji-based Pacific Arts Alliance with preparatory tasks towards PAA's artist members' participation the Festival of Pacific Art, 2008 in Pago Pago, American Samoa in July.

EED Sponsored and undertook a Boutique Coffee Promotion at the Pasifika Arts Festival, Brisbane. Goroka Coffee was promoted via the provision of over 220 coffees served by 2 baristas working from 9 – 4pm for 2 days. All sales inquiries referred to the in country agent, Taste of Paradise, TAS.



INDUSTRY DEVELOPMENT THROUGH INFORMATION & PUBLICATION

Product Specific Flyers

As part of sector development, and in conjunction with the SPS and ISS Sections, the following product-specific flyers were revised, updated, printed and disseminated to relevant clients in the PICs:

- I. "A Guide to Exporting Cocoa From the Pacific Islands"
- II. "A Guide to Exporting Coffee From the Pacific Islands"
- III. "A Guide to Exporting Taro From the Pacific Islands"
- IV. "A Guide to Exporting Timber From the Pacific Islands"

During the report period, fifteen (15) organisations including PIC Government (Trade) Offices and Chambers of Commerce & Industry requested and received bulk copies of the above publications.

Seven (9) information circulars were disseminated to fifty-eight (59) Government and private enterprise contacts and recipients. Information provided in these informal circulars include useful websites, articles and news alerts, equipment availability, trade and industry shows and free information and publications.



Business Information Guides (BIGs)

14 Business Information Guides were completed by March. This new design targets country specific audiences and is now more user friendly and cost effective. BIGs are now available on the PITIC website and in hardcopy and are being disseminated via PIFS, FTOs and the IPAs. The country specific guides were developed with the respective PICIPAs. They are an excellent platform to highlight investor needs for local IPAs and other business development agents in-country.



INTRODUCTION

This pamphlet has been prepared by PITIC (Sydney) to give Pacific Island exporters of taro an overview of the Australian taro market and how to target that market.

PITIC urges anyone interested in exporting to first check with the relevant local authority, government department or agency in their country about licensing and other regulations before contacting Australian importers or undertaking any export planning.

All exporters should be aware that product quality, consistency, a reliable supply and the development of a relationship with buyers are important factors that contribute to successful exporting.

THE GLOBAL PICTURE

Taro is the world's 14th largest staple food crop. There are thousands of types of taro grown around the world. World trade in taro is relatively small and estimated to be less than 2 per cent of production.

In 2005, an estimated 10.6 million metric tonnes of taro was grown and consumed worldwide. Most of this taro was consumed in the country in which it was grown (FAO 2003).

West African countries are by far the largest producers and consumers of taro. It is estimated that West Africans alone consumed 6 million tonnes of taro in 2005.

The total production of taro in Pacific Island countries in 2005 was estimated at just over 360,000 tonnes. PNG, Vanuatu is not included in this figure as FAO does not have data available for Vanuatu. The largest producers of taro in the Pacific were Papua New Guinea (260,000 tonnes), the Solomon Islands (40,000 tonnes) and Fiji (30,000 tonnes). Several Pacific Island countries, in particular Fiji, exports taro to neighbouring countries, including Australia.

It is important to remember that different cultural groups have different preferences for the types of taro they eat. Pacific Island producers who wish to target an export market in neighbouring Pacific Island countries or Australia need to take this fact into consideration.



INTRODUCTION

This fact-sheet is designed to give Pacific Island suppliers of timber an overview of the Australian market for timber and what is required of exporters when they are targeting the Australian market.

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THE AUSTRALIAN MARKET

The Australian forestry products industry has an annual turnover of more than AUD 18.1 billion. It contributes approximately 1 per cent to Australian GDP and is the second largest manufacturing industry in Australia. The forestry industry directly employs over

83,000 people, a figure which has risen by 13 per cent over the last 10 years.

Australia produces approximately 26 million cubic metres of wood each year - 63 per cent of production comes from plantations and 37 per cent from native forests. Australia produces about 77 per cent of its sawn timber needs, which is processed by more than 1000 mills across the country.

Australia has a relatively low manufacturing capacity, which means that a small amount of value-adding or manufacturing of forestry products is undertaken in Australia. As a result, the majority of exports are low-value, unprocessed wood for use in manufacturing in other countries. Australia imports high-value processed paper products. (Source: Department of Agriculture, Fisheries and Forestry - Australia).

AUSTRALIAN TRADE

In 2004/2005, Australia exported approximately AUD 2.1 billion of forest products and imported almost AUD 4.1 billion worth of timber products.

Exports for this period were primarily made up of AUD 176 million worth of round and sawn wood products, AUD 153



INTRODUCTION

This fact-sheet has been prepared by PITIC (Sydney) to give Pacific Island exporters (or potential exporters) a general overview of Government regulations, consumer trends, industry requirements and the design aspects of packaging and labelling for those looking to export to Australia.

PITIC urges anyone interested in exporting to first check with the relevant local authority, government department or agency in their country about licensing and other regulations before contacting Australian importers or undertaking any export planning.

All exporters should be aware that product quality, consistency, a reliable supply and the development of a relationship with buyers are important factors that contribute to successful exporting. Whilst this fact-sheet does not provide technical details, it does include the contact points and addresses of industry bodies and organisations who are able to assist with specific technical information.

THE AUSTRALIAN COFFEE MARKET

Australia is a net importer of coffee. On an annual basis, Australian companies import over 55,000 tonnes of green bean, roast, toast and ground and other coffee products. This means that imported coffee does not necessarily compete with Australian coffee because local Australian coffee growers do not produce enough coffee to meet the total Australian coffee market demand.

Australia is expected to increase its coffee production to over 2000 tonnes by the year 2010. This is still considered a very small share of the total market. (Rural Industries Research and Development Corporation, June 2008).

Australian coffee producers have adopted a niche or boutique attitude toward their product and are working hard to focus on the differentiating features. This means they are concentrating on supplying low volumes of premium coffee for specific segments of the coffee market in Australia. They are also working hard to make sure they maintain very high standards of presentation and quality.



INTRODUCTION

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THE AUSTRALIAN COCOA MARKET

Australia is a net importer of cocoa. This means that imported cocoa does not necessarily compete with domestic product because local Australian growers do not produce enough cocoa to meet demand.

Australia has a small number of cocoa producers, and by world standards they only grow a small amount. To get the best price for their cocoa, Australian producers have adopted a niche or boutique attitude toward their product and have worked hard to emphasise the differentiating features and exceedingly high standards of presentation and quality. Niche or boutique means targeting a small specialised and dedicated market.

AUSTRALIAN MARKET TRENDS

The main end users or consumers of cocoa and cocoa products are the chocolate, confectionery, bakery and beverage industries. Consumption of products that have cocoa as a major ingredient is increasing slowly at between 2 to 7 per cent each year. Chocolate confectionery, which is a major user of cocoa and cocoa products, makes up over 54 per cent of all confectionery sales in Australia.

TOURISM PROMOTION AND DEVELOPMENT

Assisting Pacific Island Governments and tourism service providers in developing their tourism potential

During January – December 2008, the Tourism Promotion and Development Unit conducted and/or completed the following activities:

COLLABORATION WITH AUSTRALIA-BASED FIC NTOs

TPD sponsored and/or maintained ongoing dialogue with: -

Treasures of the South Pacific (TSP)

PITIC continues to support TSP activities through regular contact with individual TSP members and keeping abreast of activities and results of the implementation of its 2008 annual work plan. Niue and Vanuatu are the two remaining FIC NTOs in TSP. The balance of the group are New Caledonia Tourism, Tahiti Tourism and Australian representatives of PIC based private sector industry service providers (ie New Caledonia, Vanuatu, Fiji, Samoa, Cook Islands).

During 2008, TPD part sponsored the participation of Niue Tourism at Australian travel agent education seminars. The seminars were held in :

- ~ Gold Coast (QLD)
- ~ Central Coast (NSW)
- ~ Far North Queensland (Cairns, Townsville)
- ~ Wollongong, Canberra, Penrith (NSW)

Polynesia NTOs – subgroup focus

This is an informal group which undertakes networking events in Australia essentially to promote Polynesian islands as tourism destinations (specifically the Cook Islands, Tonga, Samoa and Niue). The Polynesian Promotional Program did not proceed in 2008 due to NTO commitments to individual National agendas.

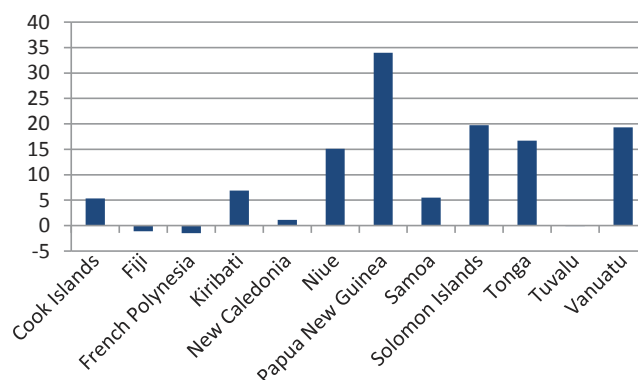
Preliminary discussions for the 2009 program planning have commenced with Niue assuming a definite pro-active role in the direction of this sub-focus group.

Kiribati – Ministry of Industry, Commerce and Tourism

TPD assisted Kiribati with the printing of 2,500 copies of 5 niche products as promotional brochures for the 2008 Holiday and Travel Show, Sydney.

Cook Islands Tourism Corporation - Australia

**Annual Growth in Australian Arrivals
2006-2007 (Business and Leisure)
Percentage Change**



Australian Arrivals 2007

	Business	Holiday	Total
Cook Is.	699	7807	8506
Fiji	13020	176751	189771
Kiribati	119	267	386
Nauru	114	218	332
Niue	0	92	92
PNG	18555	17754	36309
Samoa	1642	15113	16755
Solomon Is.	2443	2725	5168
Tonga	1105	7231	8336
Vanuatu	3165	39853	43018

In June, the CITC Australian representative role was reassigned to a GSA based in Sydney. Communication has been established.

Use of PITIC Facilities

There has been ongoing use of office facilities and boardroom for industry meetings and networking by Australia based NTOs, and / or visiting Forum Island Country Member Tourism Industry representatives.

- ~ Niue – Sydney and Melbourne representatives meeting
- ~ Cook Islands – meetings with industry and media contacts
- ~ Samoa – meetings with industry contacts
- ~ Tonga – meetings with Australian media

CAPACITY BUILDING AND SKILLS UPGRADE

Solomon Islands Visitors Bureau

As reported in the Mid Year Report, the funds for this project were re-directed to provide assistance to the Solomon Islands Visitors Bureau request for an Australian market-focused promotional banner - first quarter of 2008. In July, TPD was advised that a professional photographer had been engaged by the Solomon Island's Ministry of Tourism; a priority of the SIVB was to update the Photographic library. Promotional banner project and any further discussions have been put on hold until further notice.

INDUSTRY DEVELOPMENT AND SUPPORT

2007 Australian Outbound Travel Report

The 2007 annual raw data statistics was purchased from the Australian Bureau of Statistics by mid first quarter. The ISS section completed the collation of the data and the layout of the 2007 publication. A limited number of publications were printed – refer to ISS.



Kiribati National Tourism Office Booth at 2008 Sydney Holiday and Travel Show, Darling Harbour, Sydney



PITIC's promotional activities in the Brisbane Pasifika Festival included an information stall featuring a professional barista serving free Goroka coffee.

Destination marketing collateral

As reported in the Mid Year Report, an annual budget allocation of \$5,000 was identified for the purpose of assisting NTOs with marketing collateral. The 2008 expenditure was allocated for the reprint of a promotional brochure for Samoa (an existing A4 8 page full colour brochure) however, the material required to quote the printing job was never received. As late as December, 2008, the Australian representative requested a change to the original request and was advised to re-submit the request. At the writing of this report, no official request has been received.

In December 2008, Tonga submitted a request for full assistance with a budget traveller focused promotional material (similar to the Cook Islands Budget Accommodation Council's product – refer to 2007 End of Year Report).

PROMOTION OF PICs AS TOURSM DESTINATIONS

Global Development Network 2008 Conference, Brisbane

TPD was the main sponsor of the closing ceremony event. The Pacific Chapter of the Global Development Network hosted this year's bi-annual conference. Mai Polynesia is a Sydney based professional cultural performance group and PITIC through the TPD has been assisting the group to broaden its marketing and promotion initiatives. Mai Polynesia, for over an hour and a half, wowed the visiting delegates with traditional Cook Island dance and song.

TPD attended the following promotional events on behalf of PITIC

- ~ Australian launch of the re-branded "Samoa" website
- ~ "Vaka Moana" exhibition, Maritime Museum Sydney
- ~ "Frank Hurley in Papua" Travelling Exhibition, Australian Museum
- ~ Festival of Pacific Arts, American Samoa
- ~ 2008 Holiday and Travel Show Sydney - TPD observed that the overall number of stalls was significantly down from the 2007 Show.

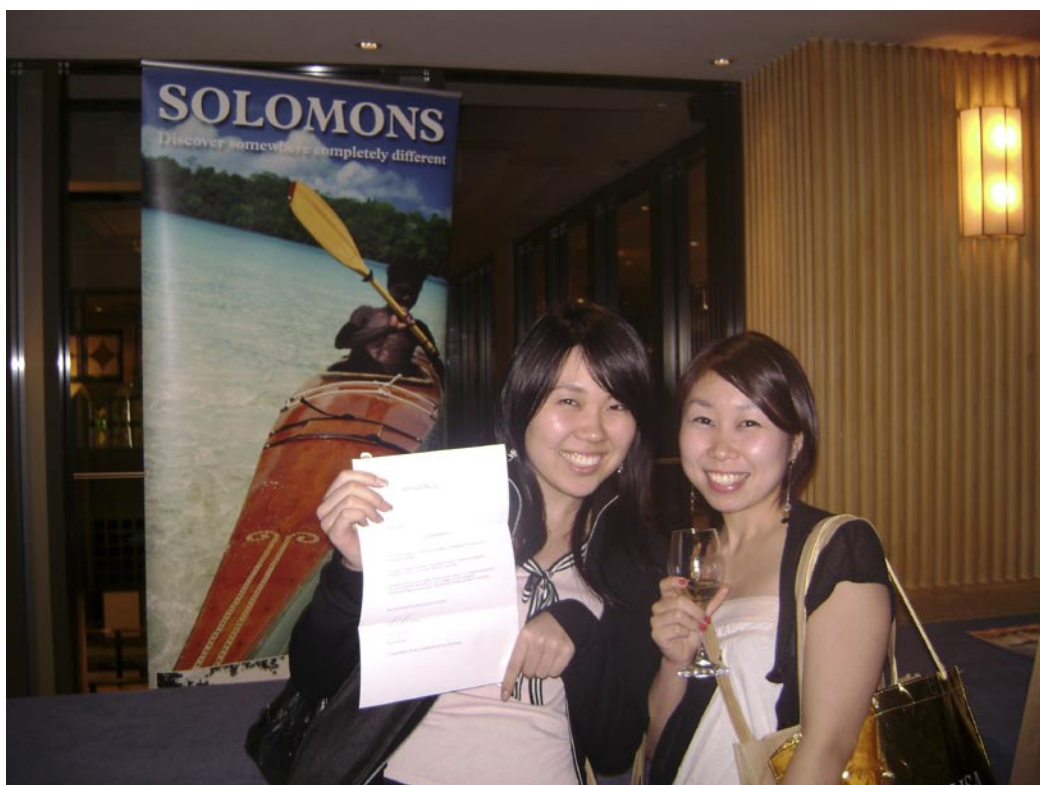


Members of "The Voice" - University of PNG Students raising awareness about Intellectual Property (IP)

Assistance with Promotion and/or material support

Includes design and/or print (in-conjunction with ISS)

- ~ Le A'laimoana Hotel, Apia SAMOA
- ~ Tanir Culture Group, Port Moresby PNG
- ~ Pacific Arts Alliance, Regional membership
- ~ Golden Age Holidays, Niue
- ~ Mai Polynesia, Sydney



Winners of the Solomon Islands Lucky Draw Prize at the SouthPacific.Travel retail travel agents' seminar Holiday and Travel Show

COLLABORATION WITH OTHER PARTNERS

south-pacific.travel

(Formerly SPTO) – TPD co-sponsored a promotional seminar jointly with south-pacific.travel which was held at the Grace Hotel in Sydney for NSW resident wholesale and retail tour operators and travel agents. The event included presentations by individual NTOs and a mini trade show by the NTOs (including Solomon Islands, Vanuatu, Cook Islands, Tonga, Samoa and Kiribati).

Due to the early engagement in 2008, there was a marked increase in communication between SPT and TPD; a direct result being the initiation of discussions for a March 2009 promotional event/s collaboration in Sydney and Melbourne. Specific focuses of these seminars are the Small Islands States (SIS's).

2008 Festival of Pacific Arts :

In conjunction with EED, TPD part funded the hosting of the first ever Pacific Artist's Forum organised by the Pacific Arts Alliance at the 10th Pacific Festival of the Arts in Pago Pago, American Samoa in July. TPD received a copy of the Artist's Forum Outcomes document and looks forward to further supporting this organisation which has regional membership of contemporary artists; overall objective is to facilitate the exhibiting of contemporary arts (Fine and Performance) in the Australian market.

Pasifika Festival, Brisbane (bi-annual event)

PITIC wide promotional event was undertaken in August at the Pasifika Festival in Brisbane; the event was organised by the Brisbane Powerhouse and held over two days in New Farm. Promotional opportunity for Mai Polynesia, PITIC's "Doing Business" Guides and PNG Coffee served by a professional barista. The Solomon Islands Visitors Bureau's Marketing Manager attended this event.

Viewed as an alternative Pacific focus event in comparison to the Tropical Wave Festival, Far North QLD (Cairns)

APRA and Music Industry in PNG

PITIC, in conjunction with Australian Performing Rights Association (APRA), University of Papua New Guinea students ("The Voice"), The Art Gallery (Dept of Fine Arts, UPNG) and the National Cultural Commission conducted an awareness workshop on Intellectual Property Rights (IPR) and Copyright Rights and Obligations in the music industry. PNG music is a growing cultural industry which hugely contributes to the income of many 'grassroots' artists.

APRA has offered technical, administrative and network partnership contacts to the fledging Music Industry Association.

In 2008 APRA increased their PNG based membership as a means to return a 'new' income stream directly back to the PNG creators/authors.



A performer at the Festival of Pacific Arts, American Samoa



SPECIAL PROJECTS

Assisting Pacific Islands improve their private sector performance, including through inter/intra regional investment development

During January – December 2008, the Special Projects Section conducted and / or completed the following activities:

LABOUR MOBILITY

PITIC participated in two major conferences on Labour Mobility in Fiji and Australia. The first was hosted by PIFS and focused on possible exchanges between relevant FICs and private sector representatives from Australia, Guam, NZ and EU and on measures that might maximise the benefits of temp labour mobility programs for FICs. The second meeting was hosted by the Lowy Institute to examine opportunities for an RSE between FICs and Australia (specifically in horticulture sector).

Now that the Australian government has announced its intention to proceed with a pilot program, PITIC looks forward to supporting the initiative to ensure that seasonal labour movements contribute to regional security, stability, cultural harmony, understanding and goodwill between FICs & Australia.

INDUSTRY DEVELOPMENT THROUGH INFORMATION & PUBLICATION

Business Advantage South Pacific 2008 and Samoa

PITIC supported a region wide publication with Melbourne-based Business Advantage International (BAI). The South Pacific launch of the publication in Brisbane was a joint initiative between BAI, PITIC and the Australia-Pacific Islands Business Council. The publication is a single point of reference for those wishing to do business in the PICs and complements the objectives of PITIC's mini BIGs in providing an opportunity to discuss broader regional business and economic issues. PITIC also supported the Business Advantage Samoa edition which is the first its kind for Polynesia and was launched in Samoa by the Prime Minister the night before the PIPSO SMME Forum.

TRAINING/UPSKILLING/CAPACITY BUILDING

Small Medium Enterprise Council (SMEC) - Solomon Islands

PITIC continued to support SMEC members seeking guidance and counsel from a Certified Practising Accountant to improve the quality of their loan submissions and financial reports. Progress so far has been noteworthy with over 40 business proposals developed and submitted to the ANZ Bank. PITIC has been very pleased with the ongoing results of this joint initiative at improving engagement between banks and SMEC members to achieve increased funding

and growth. PITIC has agreed to continue support of program in 2009 to further assist members and SMEC has also agreed to assist PITIC to identify export ready clients in the Solomon Islands. SMEC also presented a case study of the program at the PIPSO SMME conference in Samoa and was widely praised for the positive outcomes by other delegates.

Capacity development for Vanuatu Department of Trade and Industry

Ms Moana Matariki, on leave from the government in Vanuatu to study marketing at Macquarie University as part of PITIC's capacity building initiatives, was hired on a part time basis to conduct the research and development of mini BIGs referred to above. PITIC is now working closely with Ms Matariki to help better facilitate investment into Vanuatu.

ALLIANCES WITH AUSTRALIA-BASED AND REGIONAL BUSINESS COUNCILS

PITIC maintained its membership of and association with the Business Councils by attending bi-monthly executive committee meetings in Brisbane, Sydney and Melbourne during the report period. Furthermore PITIC attended:

- (i) the annual Australia/Fiji Business Council Forum in Suva
- (ii) the 2008 Australia/PNG Business Council and Business Council of PNG Annual Business Forum in Cairns
- (iii) Pacific Islands Private Sector Organisation (PIPISO) SMME Forum in Samoa

The Special Projects Officer used these opportunities to network with strategic partners from the private and public sectors from across the region. For the 2008 annual Australia-PNG Business Forum in Cairns, PITIC sponsored the attendance of PIPSO Interim Executive Officer, Henry Sanday, in a bid to support the strengthening of ties between those two organisations.

SPECIAL EVENTS

During the year PITIC attended a number of special events to raise the profile of region and to highlight PITIC's support and services to key stakeholders in the business and investment community.

Breakfast Address by Prime Minister Kevin Rudd sponsored by the PNG Business Council with attendee's from the PNG business communities from around PNG attended this event.

Luncheon address by Prime Minister of Solomon Islands Dr Derek Sikua, sponsored by the Australia Pacific Islands Business Council urging Australian companies to reconsider the Solomon Islands as an investment destination.

Emerging & Frontier Markets Luncheon sponsored by Russell Emerging Markets to enable industry experts to share views on the risks and rewards in investment in frontier markets and the effects of recent market volatility on emerging & frontier markets.

International Venture Capital Conference in Melbourne with representation including all key private investors, fund managers and investment banks as well as the public sector. Topics discussed included better engaging with the investment community in opportunities in bio-fuels industries.

Australian Superannuation Funds Association (ASFA) Conference. This event is attended by all key superannuation funds and investment fund managers in Australia and the region in order to meet with investment professionals from Australia, NZ, PNG, Tonga, Vanuatu and most recently Fiji.

PNG Mining and Petroleum Investment Conference in Sydney sponsored by the PNG Chamber of Mines and Petroleum. Topics discussed included the upcoming LNG project and its implications for the wider economy as well as financing and investment in PNG's mining and petroleum industry and updates of junior PNG mining companies.

These events were an opportunity to meet new & existing network & strategic partners from the Australian investor community.

REGIONAL PRIVATE-PUBLIC SECTOR PARTNERSHIP

Country Visit - FSM & RMI

The visit was undertaken by the SPS and EED. Overall, both officers were extremely well received in both countries by government and private sector representatives. Highlights of the mission included an agreement between Rotomould (Fiji) and Pacific International (part of Kramer Group of Companies in RMI) to establish a JV company to produce and market water tanks in RMI as well as explore other JV opportunities in other Micronesian countries. PITIC was also able to enhance its links with the IPAs in both RMI and FSM to assist RMI and FSM companies explore and/or access market opportunities in Australia.



Henry Sanday (PIPSO) ; The Hon Duncan Kerr SC, MP Parliamentary Secretary for Pacific Island Affairs; Patrick Martin (PITIC, Sydney)

Blackrock PNG Mission

SPS undertook a mission to PNG with Blackrock Investment Management, Director Mr Ravi Sriskandarajah. The objectives that were achieved included raising the awareness of Blackrock in the region and developing relationships with key government and business leaders in PNG. Blackrock is a global leader in the development and management of Sovereign Wealth Funds and the Bank of PNG has requested ongoing communications as the government develops policy options in this area. Blackrock is also the largest fund manager of listed equities resource stocks in the world.

Fiji National Provident Fund

PITIC facilitated the attendance of a FNPF representative at the annual ASFA Conference and Super Expo. The conference is a networking and capacity building opportunity with investment professionals from Australia, NZ, PNG, Tonga and Vanuatu. Topics discussed include the full range of issues affecting the industry including investment markets, customer service, administration, IT and governance. FNPF is also now speaking directly with ASFA and considering membership to further enhance its professional development.

Vanuatu National Provident Fund

Following VNPF's attendance at the 2007 ASFA Conference, the government of Vanuatu proceeded to make changes to its legislation to allow VNPF to engage outside Fund Managers for 10% of its portfolio. To further assist VNPF's endeavours, PITIC facilitated VNPF Chairman and MD to meet in Sydney with potential Australian Fund Managers. VNPF executives also met with and joined the Association of Superannuation Funds of Australia Limited (ASFA). Following the links established with ASFA and the wider Australian investment community VNPF attended the Australian Pensions and Investment Summit in mid 2008 and the ASFA conference in November. The VNPF Investment Committee is currently in final discussions to appoint Russel Investments as funds manager for their international portfolio.

Investment Support and Facilitation

During 2008 PITIC supported firms considering regional expansion and joint venture opportunities in a number of sectors including agriculture, manufacturing, tourism and service sectors by providing advice on the business and investment environment across the region.

Examples include:

A financial services company has begun investigating the possibility of opening offices in Fiji and Vanuatu.

A regional hotel group further exploring Fiji to meet with senior government officials to progress their proposal.

An Australian owned Vanuatu based telecommunications company has been exploring a number of growth opportunities.

PITIC is continuing to work with its partners to increase investment in the region.

INFORMATION SERVICES

Supporting business linkages between Pacific Island and Australian enterprises through efficient and effective information dissemination



My Samoa Tours - Samoa

During 2008, the Information Services Section (ISS) conducted and / or completed the following activities:

Through ISS, PITIC's strategy includes a focus on Knowledge Management in order to harness the advantages and corporate success that this discipline brings.

In 2008 ISS has focused on organisational objectives such as improved performance, competitive advantage, innovation, the sharing of lessons learned, and continuous improvement of the organisation.

Specifically ISS has further improved the functionality and effectiveness of PITIC through image building, success measurement, development of relevant marketing and business development resources.

In the future, ISS sees potential to contribute to recent Australian Government initiatives in labour mobility and will seek to develop an information and marketing strategy to aid in achieving this scheme's goals.

PITIC WEBSITE

Website Usage

PITIC's website is a vital tool in its image building and effectiveness and received 7,895 visitors during the year.

The vast majority of website visitors during this period were from Australia (4,668), followed by USA (599), then Fiji (391), and finally New Zealand (320).

Visitor numbers by region revealed the following:-

- i. Australia & NZ - 4,988
- ii. Melanesia – 806
- iii. Polynesia – 113
- iv. Micronesia – 73

Furthermore, nearly 35 percent of hits were return visitors who spent an average of 3 minutes per visit. New visitors, which made up 65 percent of the total, also spent nearly 3 minutes per visit.

Website Promotion

During the report period there were over six million advertisement impressions in response to specific keyword searches. This cost was \$704 and directly led to 1,514 visits to the PITIC website. This

campaign was modified in July and has since then doubled the number of visitors per advertisement.

In 2009, in order to further drive up the number of visitors, PITIC will focus on public relations and promotions through modern communication methods such as email marketing and customer relationship management.

PITIC DATABASES

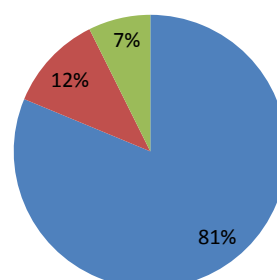
Over the year the client database has risen from 4,200 records to 5,000 (some 2,200 organisations and 2,800 individuals.) This database is currently used for PITIC's mailing list and, crucially, for maintaining network connections with our clients and partners.

The database is being prepared for transfer into the new Customer Relationship Management system, Microsoft Dynamics V4. This new system will allow PITIC to undertake a business strategy focusing on making our clients the centre of our business. This will optimise our value adding services to the region and improve our effectiveness and efficiency. The CRM system and strategy will achieve this through providing greater visibility to client information and empowering staff to make better use of client data to drive successful outcomes.

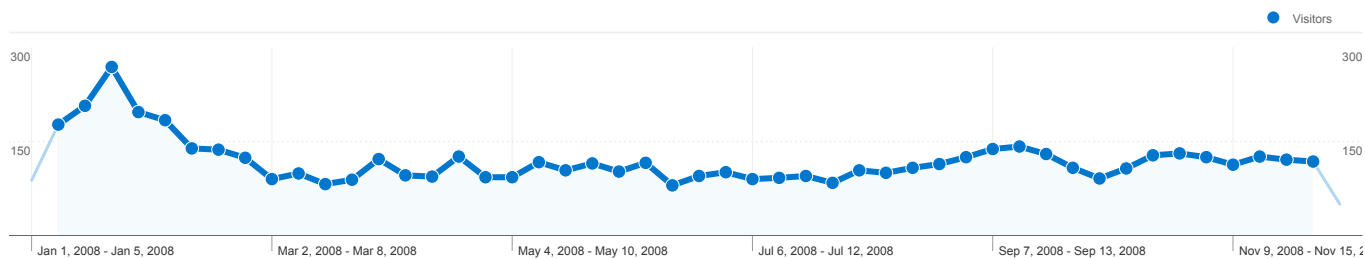
As part of maintaining the integrity and security of all PITIC data, a fireproof safe was purchased and now houses all backup tapes when they are not in use.

Regional Sources 2008

■ Melanesia ■ Polynesia ■ Micronesia



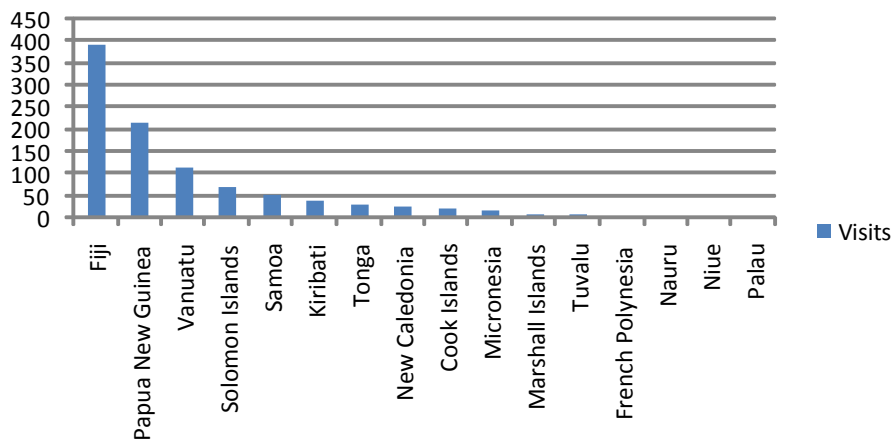
Visitors per week 2008



Top ten country sources 2008

Country/Territory	Visits
Australia	4,668
United States	599
Fiji	391
New Zealand	320
Papua New Guinea	215
Vanuatu	111
United Kingdom	103
India	97
China	90
Ivory Coast	90

Pacific Island Country Sources 2008

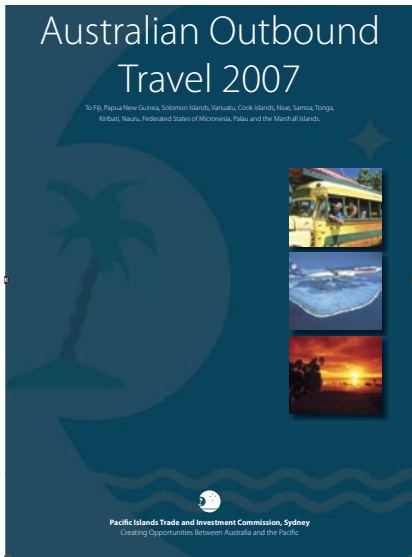


RESOURCES PRODUCED

PITIC produced a range of information based publications and marketing collateral to benefit both PITIC and its clients.

Australian Outbound Travel Report 2007

This is a joint initiative of TPD and ISS. With the data purchased the ISS section completed the processing, layout and graphics of the report. It was published in July and 11 copies have been requested by and supplied to interested clients.



IMPROVING BUSINESS AND COMPETITIVE CAPABILITIES

Business Information Guides

As reported in the EED section, ISS assisted in completing the individual Business Information Guides (BIGs) for the Cook Islands, Fiji, Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Niue, Palau, PNG, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. The guides are being distributed to relevant PITIC clients. 388 guides were requested and delivered. They are also available through the PITIC website and through the very popular www.pacificbizonline.com

Trade Leads

Eight (8) leads, based on enquiries received by the EED, were promoted through PITIC's six (6) editions of the Pacific Outlook newsletter.



PITIC's new Business Information Guides

TRAINING / UPSKILLING

During the report period, the ISS section provided capacity building support to:-

After Dark Fashions (PNG)

ISS, in consultations with ADF, designed a new look logo for the fashion company.

Furthermore ISS has provided an online website template in which ADF is encouraged to add textual and image based content.



The new After Dark Fashions logo.

My Samoa Tours (Samoa)

During the report period ISS provided advice to *My Samoa Tours* on the design principles of effective websites. *My Samoa Tours* is a new venture in Samoa and the website is the company's new online presence. ISS provided assistance and on-site training in Samoa, during the third quarter. The training package included: -

- How to fully make use of their website operating software, Dotnetnuke
- Website Design Fundamentals
- Online Marketing Tools

In addition to this ISS undertook a photo shoot on location with the outcome of providing both the tour company and PITIC with some very effective promotional images.



My Samoa Tours website screenshot



PITIC NEWSLETTER, PACIFIC OUTLOOK

Six (6) editions of *Pacific Outlook* were printed and disseminated to PITIC clients, the majority of whom reside in the Pacific Region. All editions were produced on time and to budget with up to 2,500 copies distributed for each production run. Throughout the year a regular Small Business section was run, courtesy of the Aust. Government Initiative, www.business.gov.au. As part of PITIC's role in improving business skills and information dissemination, this section provided some welcome advice.

In 2009 the newsletter will go online in a bid to increase circulation and readership numbers, encourage feedback, and finally to reduce our environmental impact through the savings of limited paper usage and transport costs.



PR, MARKETING AND PROMOTION

In conjunction with all Forum Trade Offices, print ads were placed in the following Business Advantage publications:

Business Advantage : Samoa

Business Advantage : Solomon Islands

Business Advantage : Vanuatu

TASKS IN SUPPORT OF PITIC'S KEY PERFORMANCE INDICATORS

Implementation of Office 2007

Early in 2008 PITIC implemented an office wide software upgrade to Microsoft's Office 2007 with Business Contact Manager. This upgrade brings PITIC Sydney in line with the latest Microsoft business packages and will ensure our office will be able to work with the vast majority of file types in use today.

Customer Relationship Management

During 2008 PITIC set out to formally surveyed a cross section of it's clients including recipients of PITIC services in the areas of investment, trade and tourism. While the results showed that respondents correlated PITIC involvement with increased business activity this is based on a return of only seven surveys.

The new CRM system (described under previous heading "PITIC Databases") and email marketing software will, when used together, allow the implementation of a far more sophisticated information gathering strategy.

We will then be able to understand the captured data in powerful ways, leading to a clearer vision of PITIC's role and improved services in the region.



PITIC's editorial in the 2008 edition of Business Advantage : Samoa



PITIC's editorial in the 2008 edition of Business Advantage : Vanuatu



PITIC's editorial in the 2008 edition of Business Advantage : Solomon Islands



Postcard flyers produced for Le Alaimoana Hotel

PROMOTIONAL BROCHURES AND DOCUMENTATION

In conjunction with other PITIC units, ISS coordinated the production of brochures, postcards and other promotional collateral for:

- i. Pacific Arts Alliance (Fiji) and the TANIR Cultural Group (PNG) for use at the 2008 Pacific Arts Festival in American Samoa
- ii. Pacific Arts Alliance
- iii. Le Alaimoana Hotel, Apia
- iv. Mai Polynesia

This type of PITIC assistance is essential to ensure PIC enterprises, businesses or organisations see the value and importance of professionalising their marketing tools and therefore enforcing their presence in international events or exhibitions.



FINANCE AND ADMINISTRATION



STAFF MOVEMENTS

- Ms Moana Matariki from Vanuatu Department of Trade and Industry returned to Vanuatu. Moana spent several months during her studies at Macquarie University to assist with research work for the Business Information Guides (BIGs).
- Mr Chris Brimble joined PITIC as Information Officer in April following the resignation of Mark Tavener.
- Mr Jarrod Matchett, Trade and Marketing Assistant in the EED departed following the conclusion of his contract. Jarrod was the most recent recipient of PITIC's graduate program.
- Mrs Robyn Ekstrom, Export and Enterprise Development Co-ordinator, returned from seven (7) months of maternity leave.
- Preliminary preparations for exit of the current Trade Commissioner. Awaiting advice from PIFS re: recruitment of a new person to the position.
- Change over of Trade Commissioner. in October 2008. Mr Caleb Jarvis replaced Mrs Aivu Tauvasa.

2008 FUNDING

AusAID disbursed PITIC's annual budget of \$1.25 million in late May 2008 less the increases sought through the FOC Budget process.

2007 AUDIT REPORT

The completed 2007 Audit Report was received by PITIC in late June and has since been dispatched to PIFS.

2007 GST

The 2007 GST claims were lodged in February 2008 and refunds received in March 2008.

2008 GST

The 2008 GST claims will be lodged in January 2009.

JANUARY - JUNE 2008 FINANCIAL REPORT

Auditors have been confirmed for the annual audit process in the second week of January 2009.

Abbreviations

ADF	After Dark Fashions
AGM	Annual General Meeting
APRA	Australian Performing Rights Association
ASFA	Australian Superannuation Funds Association
AusAID	Australian Agency for International Development
BAI	Business Advantage International
BEP	Business Export Program
BIG	Business Information guide
CITC	Cook Islands Tourism Corporation
CRM	Customer Relationship Management
EBP	Export Business Plan
EED	Export and Enterprise Development
ENB	East New Britain
EU	European Union
FIC	Forum Island Country
FLO	Fairtrade Labelling Organisations International
FSM	Federated States of Micronesia
FTANZ	Fair Trade Australia and New Zealand
FTO	Forum Trade Office
IP	Intellectual Property
IPA	Investment Promotion Agency
ISS	Information Services Section
JV	Joint Company
LNG	Liquefied Natural Gas
MEP	Market Entry Plan
NSW	New South Wales
NTO	National Tourism Organisation
PEGP	Pacific Export Growers Project
PISPO	Pacific Islands Private Sector Organisation
PITIC	Pacific Islands Trade and Investment Commission
PNG	Papua New Guinea
PR	Public Relations
PSDS	Private Sector Development Strategy
QLD	Queensland
RMI	Republic of the Marshall Islands
SIS	Small Island State
SIVB	Solomon Islands Visitors Bureau
SMEC	Small Medium Enterprise Council
SMME	Small, Micro and Medium Enterprises
SPS	Special Projects Section
SPTO	South Pacific Travel Organisation
TCPA	Tobolar Copra Processing Authority
TPD	Tourism Promotion and Development
TSP	Treasures of the South Pacific
USA	United States of America
VARDTCA	Vanuatu Rural Development and Training Centres Association
VNPF	Vanuatu Provident Fund

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Creating Opportunities Between Australia and the Pacific