



PACIFIC TOURISM
ORGANISATION

ANNUAL
REPORT
2019



MISSION

MARKET AND DEVELOP TOURISM
IN THE PACIFIC



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HALATOA FUA
Interim Chairperson,
SPTO



...although the impacts of COVID-19 have been prolonged and severe, we must look ahead... to not only recover but rethink our collective approach to the future of our Pacific tourism industry.



Chairperson's Message

Kia Orana!

Our Annual Reports traditionally provide us with the opportunity to highlight and reflect on the achievements of SPTO which is undoubtedly an important process of reflection and accountability. However, given the current state of our world and indeed our Pacific Tourism industry I believe that this is also an opportune time to address the direction in which we hope to steer our organisation.

Over the years tourism has solidified its role as one of the most economically viable sectors in our region and although the impacts of COVID-19 have been prolonged and severe, we must look ahead and capitalize on opportunities which will help us to not only recover but rethink our collective approach to the future of our Pacific tourism industry.

To that end, it is my hope that under our guidance and with the support of all stakeholders SPTO can position itself as a global leader in sustainable tourism development. In this role, the organisation can meaningfully contribute to the realization of tourism's full potential in terms of achieving environmental and cultural preservation, building resilient economies, strengthening tourism leadership and policies and reinvigorating marketing initiatives based on the unique and diverse experiences which our region has to offer.

With this renewed purpose, SPTO and its membership stand to benefit from the many opportunities that stem from investment in sustainable tourism development; whether it be socio-cultural, environmental or economic. With that in mind, I cannot emphasize enough the need for us to recognize this juncture as an important opportunity to commit to visionary leadership for SPTO, our region and indeed our industry.

On that note I would like to acknowledge the exceptional leadership of the former Chair, David Vaeafe and Deputy Chair, Felicity Bollen, both of whom provided innovative and passionate support to SPTO throughout the course of 2019. Sadly, in 2019 the regional tourism industry lost Dixon Seeto, who was a Private Sector Board Member of SPTO since October 2017. Dixon served the Pacific tourism industry for over 20 years and will be remembered fondly for many years to come.

In closing, now more than ever, we must stand together, unwavering in our vision for a sustainable and resilient Pacific tourism industry that will benefit the diverse people and livelihoods of our Blue Pacific region.

*Kia
Manuia*


Chief Executive Officer's Message

Warm Pacific Greetings!

As in previous years, tourism continued to solidify its role as a key economic driver for many Pacific Island Countries (PICs) by generating USD 4 billion in tourism receipts in 2019, accounting for about 7.8% of regional Gross Domestic Product (GDP) from 2.9 million visitor arrivals (2.2 million air and 728,091 cruise).

Further to the above, tourism is also a key enabler for the achievement of Sustainable Development Goals and the economic inclusion of vulnerable sectors of society including women, youth and rural communities. Moreover, the industry also presents many opportunities for further growth and development, particularly with regard to emerging markets in Asia.

With that in mind, SPTO partnered with the Ministry of Culture and Tourism of China (MCT) to deliver the China Pacific Tourism Year (CPTY 2019), which was initially conceptualized in 2017. Launched in Samoa by the Hon. Luo Shugang, Minister of Tourism of the People's Republic of China, the initiative was aimed at strengthening the relationships between China and the Pacific. Key highlights of CPTY 2019 included:

- Tourism Human Resource Development and Training Program for Pacific Island Countries, Guangzhou, China
- China Tour Operators Visit to the Pacific (Fiji, Tonga and Vanuatu)
- 3rd China-Pacific Island Countries (PICs) Economic Development and Co-operation Forum, Apia, Samoa
- China International Travel Mart (CITM), Kunming, China
- Chinese Market Research Report

CPTY 2019 concluded in November in Kunming, China, with a high-level Pacific delegation in attendance at the China International Travel Mart and the CPTY official closing ceremony.

Throughout the course of the year, SPTO also conducted and participated in a wide range of activities, some of which included:

- Production of the SPTO Strategic Plan 2020-2024 and Donor Membership Prospectus, supported by a donor membership drive in Suva, Fiji



CHRISTOPHER COCKER

Chief Executive Officer,
SPTO



SPTO remains committed to continuing to serve its members and the stakeholders of our Pacific tourism industry. We are a resilient people and industry and we can and will recover and rebuild - stronger and more sustainably!



- Belt & Road Forum, Beijing, China
- 6th Korea-Pacific Islands Senior Officials Meeting, Busan, Korea
- 6th South Pacific Tourism Exchange (SPTE), Auckland, NZ
- Rebranding to reflect the transition to the Pacific Tourism Organisation
- Regional Conference and Policy Dialogue on Blue Economy, Ocean Tourism, and Sustainable Blue Financing, Nadi, Fiji
- SIS Training Attachments
- My Fiji Shark Initiative – Plastics Repurposing Workshop in collaboration with United Nations Development Programme (UNDP)
- SPTO & PARIS21 Development of Pacific Tourism Statistics Assessment Strategy

SPTO's Board of Directors met twice on May 8th in Auckland and again on October 2nd in Niue, followed by the 29th sitting of the Council of Tourism Minister's on October 3rd. These meetings progressed discussions on the review of the SPTO constitution, the organisational restructure and overall transformation of the organisation driven by the SPTO Strategic Plan 2020-2024.

The Strategic Plan guided the advocacy activities and the development of several key collaborative partnerships with the Ministry of Culture and Tourism of China (MCT), New Zealand Ministry of Foreign Affairs and Trade (NZMFAT), New Zealand Maori Tourism, UNDP, Asian Development Bank (ADB), PARIS 21, US-Pacific Tourism Fellowship Program and the government of the Republic of Korea. Furthermore, seven MOUs and/or letters of agreement were signed with the following key partners, Pacific Aviation and Safety Office (PASO), University of the South Pacific (USP) and

Australia Pacific Training Coalition (APTC) & the Pacific Community (SPC), Adventist Development and Relief Agency (ADRA) Fiji, Pacific Asia Travel Association (PATA), Youth in International Development (Canada), Pacific Islands Centre (PIC) Tokyo. As a result of SPTO's continued efforts at increasing and diversifying its membership base, the organisation and its members gladly welcomed Tokelau into the SPTO family in July.

Evidently, 2019 was an extremely busy year for the organisation. An enormous effort, across all four divisions, was channeled into strengthening SPTO's relevance to members through coordination and participation in key activities as highlighted above and further detailed in this report.

Furthermore, through well strategized advocacy activities, SPTO was able to establish and strengthen partnerships with key collaborative partners which laid the foundation for the on-going delivery of regional focused projects to benefit the Pacific tourism industry.

Importantly, in 2019 SPTO also bid farewell to three members of the management team, Daphney Stone (Finance & Corporate Services Manager), Elizabeth Ragimana (Research & Statistics Manager) and Alisi Lutu (Marketing Manager), along with long-serving Librarian, Esther Morrel.

Rest assured, that in moving forward and in light of the challenges presented by the COVID-19 pandemic, SPTO remains committed to continuing to serve its members and the stakeholders of our Pacific tourism industry. We are a resilient people and industry and we can and will recover and rebuild - stronger and more sustainably!

Ofa Atua


Board of Directors 2019



David Vaefe

CHAIRPERSON

MAY 2019 - NOVEMBER 2019

American Samoa



Felicity Bollen

DEPUTY CHAIRPERSON

MAY 2019 - MAY 2020

Niue



Christopher Cocker

CHIEF EXECUTIVE

OFFICER



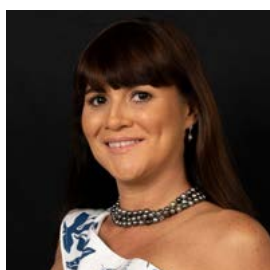
Halatua Fua

Cook Islands



Josefa Tuamoto

Solomon Islands



Gina Bunton

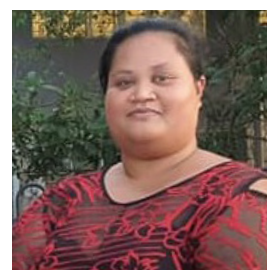
French Polynesia



Brenda Alik

Maddison

Republic of Marshall Islands



Annabelle Scotty

Nauru



Dr. Yok Yee Chan

Fiji



Adela Issachar

Vanuatu



Reeti Onorio

RESIGNED JULY 2019

Kiribati



Petero Manufolau

Kiribati



Bermance Aldis

Federate States of
Micronesia



**Sione Finau
Moala-Mafi**

Tonga



Fakavae Taomia

RESIGNED NOVEMBER 2019

Tuvalu



Avafoa Irata

Tuvalu



Jose Quintas
Timor-Leste



Pedro Edmunds
Paoa
Rapa Nui



Sonja Hunter
RESIGNED MAY 2019
Samoa



Faamatuainu Suifua
Samoa



Jerry Agus
Papua New Guinea



Minnie Tuia
Samoa



Sandrine Bellier
New Caledonia



Napole Polutele
Wallis & Futuna



Robert Skews
Turama Pacific Tours
Cook Islands



Diana Chinchoi
Tahiti Tours
French Polynesia



Dixon Seeto
OCTOBER 2017 - JULY 2019
Fiji Hotel Tourism Association
Fiji



Ali Serhan
Warwick Le Lagon
Resort & Spa
Vanuatu

Acronyms

ACP	African Caribbean and Pacific
ADB	Asian Development Bank
AOSIS	Alliance of Small Island States
CITM	China International Tourism Mart
CPTY	China Pacific Tourism Year
COTTM	China Outbound Travel Tourism Mart
EO	Executive Office
EU	European Union
FAS	Fiji Accounting Standards
FCSD	Finance and Corporate Services Division
FHTA	Fiji Hotel Tourism Association
IESBA Code	International Ethics Standards Board for Account's Code of Ethics for Professional Accountants
IFC	International Finance Corporation
ISA	International Standards on Auditing
JEE	Job Evaluation Exercise
LOA	Letters of Agreement
MOU	Memorandum of Understanding
MSG	Melanesian Spearhead Group
NSO	National Spearhead Group
NTO	National Tourism Offices
PICs	Pacific Island Countries
PPTT	Promotion Program for Trade and Tourism
PRC	People's Republic of China
PWC	Pricewaterhouse Coopers
RSD	Research and Statistics Division
RTRC	Regional Tourism Resource Centre
SDGs	Sustainable Development Goals
SPANTO	South Pacific Association of National Tourism Organisation
SPCA	South Pacific Cruise Alliance
SPT	South Pacific Tourism Exchange
SPTO	Pacific Tourism Organisation
TOSP	Treasures of the South Pacific Programme
UNDP	United Nations Development Programme
UNWTO	United Nations World Tourism Organisation
WB	World Bank



Executive Office

In keeping with its key role of overseeing the management of SPTO programmes, the Executive division supported the sustainable development of the Pacific tourism industry by building and strengthening partnerships, seeking funding opportunities and advocating for regional tourism at various forums. Furthermore, the division also played a crucial role in increasing SPTO's profile through the media, maintaining the strategic management and governance and reporting requirements, linked to SPTO's institutional capacity and overall organisational performance.

MAJOR DIVISIONAL ACHIEVEMENTS FOR 2019

Outcome: Increased advocacy and engagement

The Executive division represented SPTO and advocated on behalf of the Pacific tourism industry at the following national, regional and international meetings and forums:

National

- Tonga, 7th-9th March, 2019
- China Pacific Tourism Year (CPTY) 2019 launch in Apia, 1st April
- Uvea & Futuna, 22nd - 29th July
- Vanuatu Tourism Forum 2019, 26th August

Regional

- 47th CROP Heads meeting, Suva, 18th February
- High Level Dialogue, PACP EU meeting in Samoa, 25th -26th February
- Forum Economic Minister's Meeting, 7th - 9th May
- 48th CROP Heads Meeting, 10th June
- Post Cotonou Regional Protocol Consultation, 13th - 14th June
- SIS Officials Meeting & PACP Officials Meeting, 22nd July
- Forum Foreign Ministers Meeting, 26th July
- 50th Pacific Islands Forum Leaders Meeting, 13th -16th August

International

- Tourism & SDG Conference, 23rd - 25th January, Albany, New Zealand
- Belt & Road Forum, Beijing, 25th - 27th April
- Tourism and Transport Forum

- Australia (TTF), Sydney, 22nd May 2019
- Tourism Human Resource Development and Training Program for Pacific Island Countries, Guangzhou, China, 24th June - 3rd July
- Tourism Forum – Towards One Pacific Destination, Auckland, New Zealand, 11th July
- 6th Korea-Pacific Islands Senior Officials Meeting (SOM), Busan, Korea, 14th - 17th October
- 3rd China-Pacific Island Countries Economic Development & Cooperation Forum, Apia, Samoa, 20th - 22nd October
- CITM and Official closing of the CPTY 2019, Kunming, China, 15th -17th November
- Tourism Career and Training Programme, French Polynesia, 19th - 23rd November

Attendance and participation in such events not only fulfills the division's advocacy role on behalf of the Pacific tourism sector but also provides the organisation with valuable opportunities to network with like-minded and potential partners, profile SPTO and its work and also provide input on issues of relevance to Pacific tourism. Moreover, these forums to strengthen and build on existing collaborative partnerships, for the benefit of diversifying SPTO's funding sources and membership base.

Outcome: Successful China Pacific Tourism Year 2019

The China Pacific Tourism Year 2019 (CPTY) and the China Pacific Tourism Development Initiative (CPTDI) 2019-2023 were concept papers developed as a

result of the CEO's attendance at the 2017 *High-Level Dialogue on the Belt and Road Initiative* in Beijing, China. Both concepts were endorsed by the Board and the Council of Tourism Ministers during the October, 2018 Board Meeting in Samoa. CPTY 2019 was subsequently announced by President Xi Jinping in November, 2018, at the Pacific Leader's meeting at Asia Pacific Economic Cooperation (APEC) in PNG.

CPTY 2019 activities were largely driven and coordinated by the Executive division, in close consultation with our counterparts at the Ministry of Culture and Tourism of China and other key partners.

The objectives of CPTY 2019, as noted below, were achieved through various activities and partnerships throughout the course of the year and culminated with an official closing ceremony in Kunming, China, which was attended by a high-level Pacific delegation:

- Celebration of key events that strengthened the relationships between China and the Pacific
- Encouraging Chinese niche tourists to visit the Pacific Islands;
- Promoted greater understanding in the Pacific and China, on the Pacific & Chinese Cultures and fostered people-to-people connectivity
- Established partnerships and collaboration with Pacific media, to promote and increase the awareness of the Pacific Islands in China and vice versa.
- Explored opportunities and established partnerships between China and the Pacific to improve

- tourism development in the Pacific
- Sharing of experiences in protecting and promoting Chinese cultural and natural heritage.

Outcome: Increased key partnerships

The development and strengthening of relationships with key partners, donors and stakeholders is a priority for the division, as it facilitates the achievement of the SPTO's mandate and goals. In 2019, some of these partnerships and opportunities included:

- Pacific Promotion Program for Trade, Investment & Tourism (PPTT), Republic of Korea
- Ministry of Culture and Tourism of China (MCT)
- Asian Development Bank - Pacific Sub Regional Office (ADB)
- New Zealand Ministry of Foreign Affairs and Trade (NZMFAT)
- New Zealand Maori Tourism
- US-Pacific Tourism Fellowship Program
- United Nations Development Programme (UNDP)
- PARIS 21

MOUs

- Pacific Aviation and Safety Office (PASO) & SPTO
- University of the South Pacific (USP) & SPTO
- Australia Pacific Training Coalition (APTC) & the Pacific Community (SPC) & SPTO
- Adventist Development and Relief Agency (ADRA) Fiji & SPTO
- Pacific Asia Travel Association (PATA) & SPTO
- Youth in International Development

- (Canada) & SPTO
- Pacific Islands Centre (PIC) Tokyo & SPTO.

Partnerships solidified via MOUs provide SPTO with a framework for cooperation in the following strategic priority areas:

- Marketing the region
- Sustainable tourism planning and development
- Research and statistics

Furthermore, they also provide the organisation with a means of pursuing other key priorities such as air access and route development, cruise ship development, investment & product development as well as HRD and training.

Outcome: Enhanced strategic management

SPTO Strategic Plan

The SPTO Strategic Plan 2020-2024, was produced to provide a framework to support the development of the tourism sector at a regional level for the next five years. It builds on the Pacific Tourism Strategy (2015-2019) but is more streamlined in its approach to priority areas. In that regard, with member needs and the organisation's resourcing in mind, the following areas were identified as key focus areas for SPTO:

- Marketing the region
- Sustainable tourism planning & development
- Research and statistics

Further to the above, cruise ship development, investment & product

development, air access and route development as well as HRD and training were identified as other priority areas to be addressed by way of innovative partnerships.

SPTO Membership Prospectus

The SPTO Membership Prospectus 2019-2020, was developed to guide and support the membership drive undertaken by the Executive division. The overall objective was to attract donor membership with the view of expanding SPTO's membership base from Pacific Island nations to the international arena. With that in mind it highlights the work of the organisation, priority areas, partnership opportunities along with membership benefits and other relevant information.

SPTO Organisation Restructure

In order to ensure the financial viability of the organisation and taking into account the new strategic planning period from 2020-2024, a review of SPTO's organisation restructure was undertaken in 2019. Following Board review and endorsement, the Executive division led the implementation of the restructure with the support of the relevant Board sub-committee.

SPTO Constitutional Review

In response to the Board of Director's recommendation to undertake a review of the SPTO constitution, so as to better reflect the structure of the organisation and the governance changes made since the last review in 2014, the division led the implementation of this initiative which was ultimately endorsed by the Board and Council in October 2019.

SPTO Transformational Change

In December 2019, the CEO and SPTO's Finance and Organisation Re-structure Sub-Committee agreed on the need to review the organisation's strategic and operational functions. This process identified a need to initiate a transformational change of the organisation. As such, with the endorsement of the SPTO Board of Directors, a proposal to support this vision was presented to the Ministry of Foreign Affairs and Trade of New Zealand. Included in this transformation, were the overarching themes of digital transformation and a strong commitment to sustainable tourism development in the region.

Outcome: Strengthened governance and reporting

In order to better align with and achieve SPTO's goals and objectives, the Executive division led the implementation of the following activities:

Board and Council Meetings

The Executive Office in partnership with the Finance and Corporate Services division organised two Board of Directors meetings and one Council of Ministers of Tourism meeting in 2019:

- Board Meeting 1 - Wednesday 8th May, 2019. Grand Millennium Hotel, Auckland, New Zealand
- Board Meeting 2 – Wednesday 2nd October, 2019. Scenic Matavai Resort, Alofi, Niue.
- Council of Ministers of Tourism Meeting - 29th Council of Ministers of Tourism Meeting- Thursday 3rd

October, 2019. Scenic Matavai Resort, Alofi, Niue.

The monitoring and management of the organisation's overall performance was achieved through development, endorsement and implementation of the following:

- Fortnightly management meetings
- CEO monthly updates to the Board of Directors
- Quarterly divisional reports to the Board of Directors
- Divisional annual work plans
- SPTO Strategic Plan 2020-2024
- SPTO 2018 Annual Report

These meetings and reports are an important process of transparency and accountability and provide a means of communicating the work of the organisation to the stakeholders.

Outcome: Ongoing public relations and corporate communications

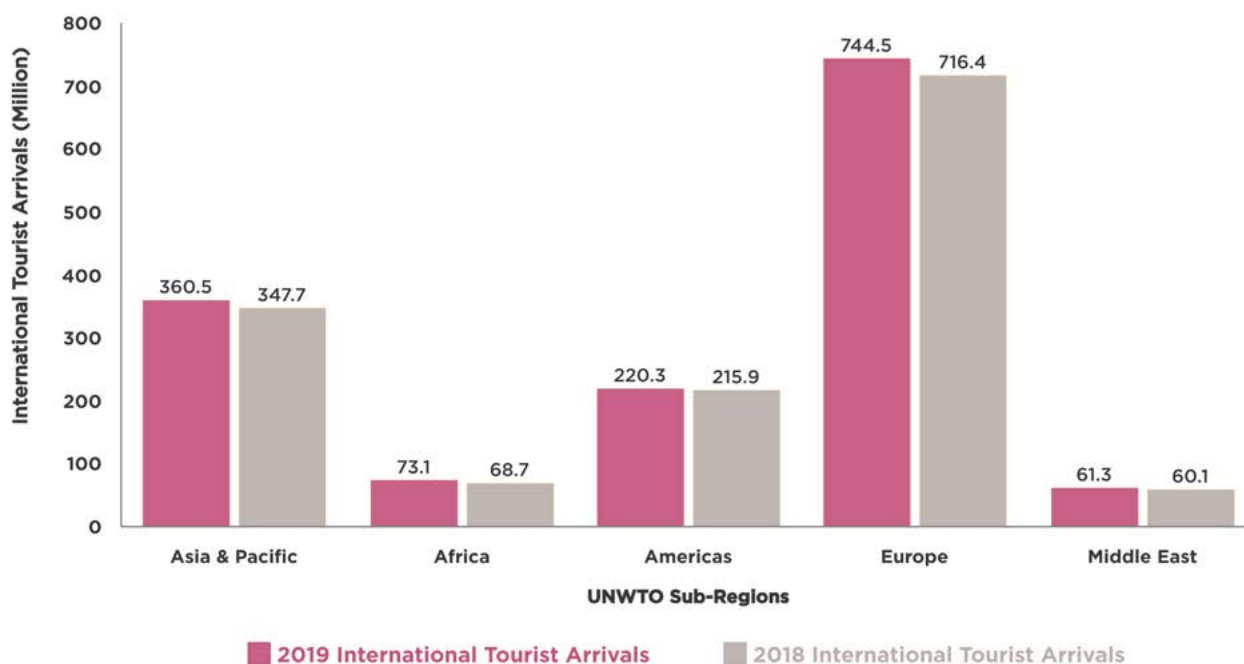
SPTO's work and key achievements throughout the year were communicated to members, partners and key stakeholders by way of the following:

- 31 Press Releases
- 1 Press Conference
- 13 Interviews

A woman in traditional Pacific Islander attire, including a yellow beaded top, a large yellow feathered skirt, and a headpiece with black feathers, is captured in a dynamic dance pose on a rocky cliff. Her arms are extended, and she is looking upwards. The background features a vast, lush green valley and distant mountains under a dramatic sky with a setting or rising sun, creating a warm, golden glow.

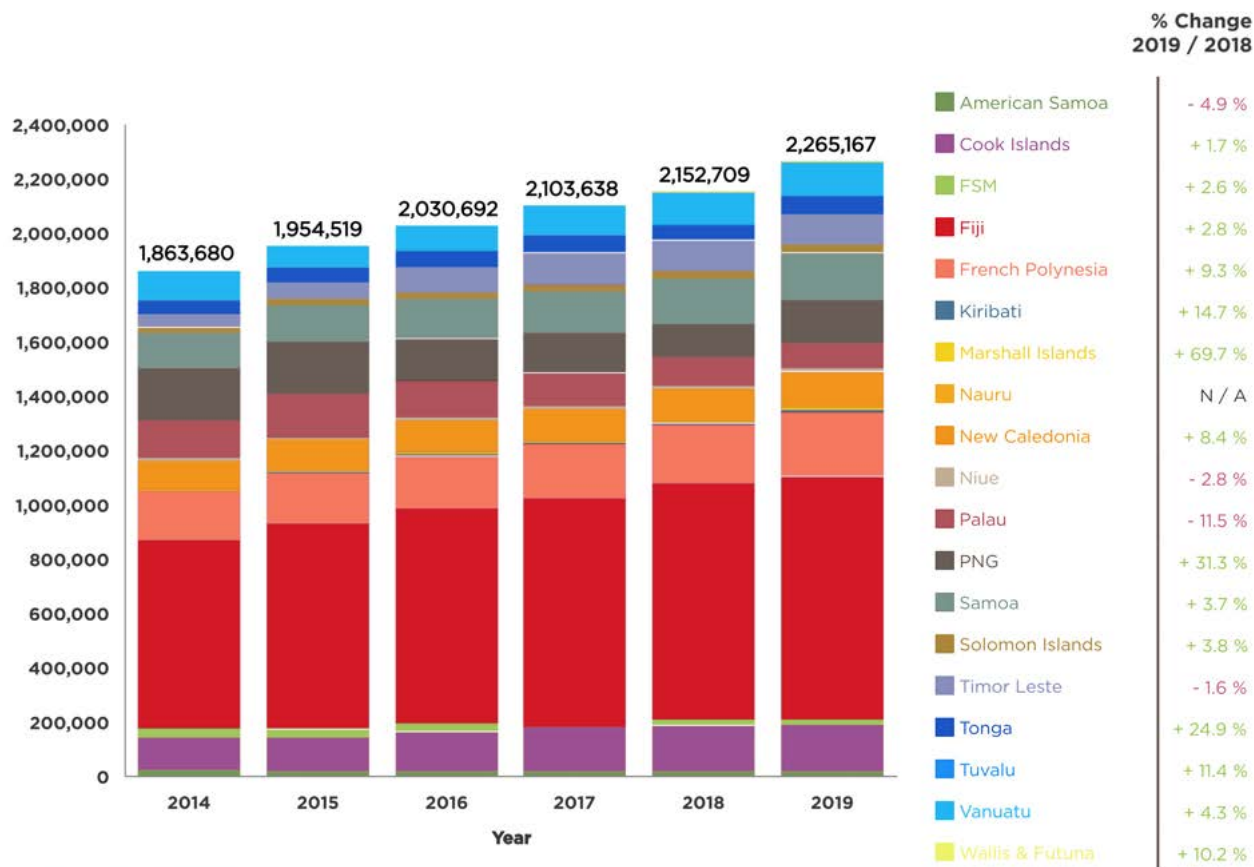
Performance of the Tourism Industry in 2019

World Tourist Arrivals by % Growth 2019 v 2018



Source: UNWTO World Tourism Barometer June 2020.

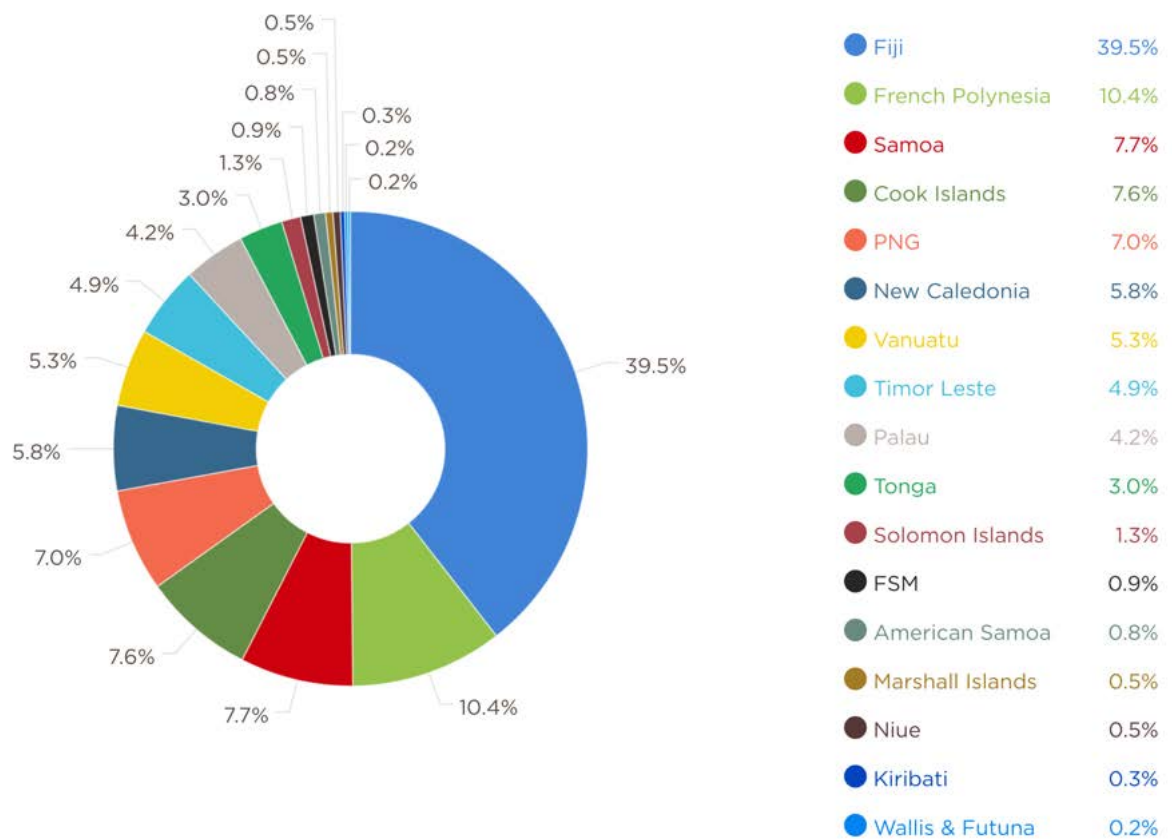
Tourist Arrivals to SPTO Member Countries and Pacific ACPs 2014 - 2019



Source: NTOs, NSOs and SPTO.

Note: Visitor Arrivals data last revised in August 2020.

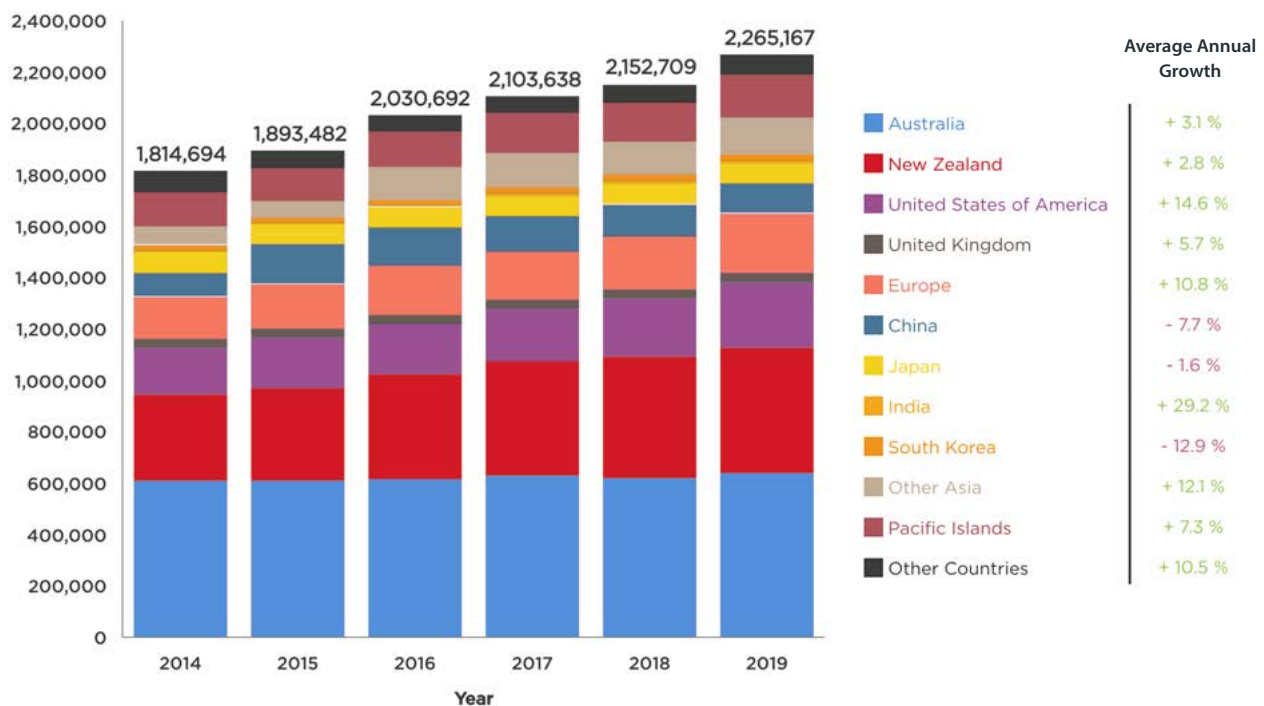
Tourist Arrivals to SPTO Member and Pacific ACP Countries, by Shares 2019



Source: NTOs, NSOs and SPTO.

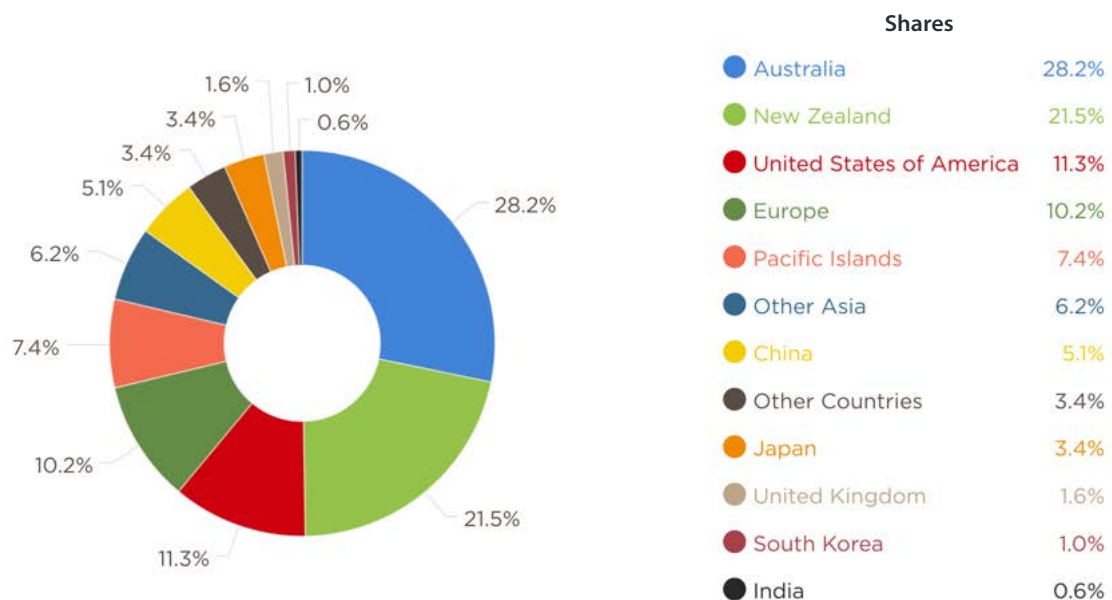


Tourist Arrival by Main Markets, Year and Average Annual Growth and Shares 2014 - 2019



Source: NTOs, NSOs and SPTO

Tourist Arrivals to Pacific Islands by Source Markets and Shares 2019



Source: NTOs, NSOs and SPTO.

A close-up, high-angle shot of a woman's face, smiling broadly. Her eyes are looking slightly upwards and to the right. The lighting is soft, highlighting her features. The background is dark and out of focus.

Marketing Division

The Marketing division is responsible for promoting the Pacific region as a preferred tourism destination. The core marketing activities of the division include marketing planning, brand management, trade show coordination, digital marketing, cruise sector marketing and programme management. The division also manages SPTO's private sector membership and the South Pacific Specialist Programme.

The division works closely with creative agencies, development partners and key stakeholders to achieve the following priorities:

- Establishing planning systems that sufficiently caters to the marketing needs of all SPTO member countries.
- Establishing a strong link between the Pacific and key long haul, short haul and emerging markets.
- Creating awareness of Pacific niche market products
- Managing the South Pacific Specialist Training Programme.
- Promoting member countries through Digital Marketing
- Managing the Private Sector Membership programme

MAJOR DIVISIONAL ACHIEVEMENTS FOR 2019

Outcome: Strengthened existing strategic partnerships and established new opportunities

SPTO continued to engage with a number of stakeholders, including development partners, to achieve the outcomes of various programmes. Some of these partners include:

- New Zealand Ministry of Foreign Affairs and Trade
- New Zealand Maori Tourism
- Government of Korea
- Fexco Pacific
- Tour De M South Korea (Represented by Daisy Park - SPTO Market Representative)

- Pacific Islands Development Programme (PIDF)
- Miss Pacific Islands and Miss Pacific Islands Pageant Committee
- PTI Sydney
- CLIA Australasia

Outcome: Ongoing presence in key long haul markets

Chinese Market:

- Collaboration with Pacific Trade & Invest Beijing office (Marketing & Promotions Manager) on SPTO's China Marketing Programme.
- Participation in the China Outbound Travel and Tourism Market (COTTM) through the PT&I Beijing Office
- Setting up of the South Pacific Specialist China website (www.southpacificspecialist.org/cn). This is to assist Chinese travel agents with the development of their knowledge on the various tourism products and services that are available throughout the tropical Pacific.
- The China International Tourism Industry Expo (CITIE) was held in Guangzhou, China from 30th August to 1st September. Five member countries participated in the event; Samoa, Fiji, Tonga, Niue and New Caledonia. Tonga's Deputy Prime Minister also attended the event.
- SPTO coordinated the Pacific's participation in the China International Travel Mart (CITM) event in Kunming, China from 15th - 17th November.

Korean Market:

- Ongoing collaboration with the Promotion Programme for Trade & Tourism (PPTT) promotes trade and tourism between the Republic of Korea (ROK) and the PICs. Amongst other things it supports job creation and economic development (including trade fairs, trade missions and market promotion).
- Online marketing – Development of the Pacific Tourism website in the Korean language. The website includes the South Pacific Specialist program in Korean, blog, social media integration and media coverage of Pacific news and events.
- SPTO Korea created a digital platform to distribute information and activities for the Pacific under PPTT program at Digital Chosun, the No.1 news media in Korea.

European Market:

- Participation in the ITB event in Berlin, Germany from 6th – 10th March. Member countries who participated were Cook Islands, New Caledonia, Samoa, Vanuatu and Solomon Islands. A number of private sector partners also attended the event.
- Supported the Meet the Pacific Europe & Asia events with a financial contribution and provided training for travel agents (retailers and wholesalers) in the following European and Asian cities: London, Milan, Madrid, Singapore, Seoul, Tokyo, Chengdu and Shanghai.

Outcome: Further development of Niche Market products

Seatrade Cruise Convention 2019

- SPTO along with American Samoa, Tonga, Cook Islands, Samoa, Pitcairn Islands, Tahiti and Kiribati participated in the Seatrade Cruise Convention held in Miami, USA from March 8th-11th April.

Outcome: Maintaining the Pacific's presence in short haul markets

- 6th South Pacific Tourism Exchange (SPTe)

The event was held from 9th -10th May at the Grand Millenium Hotel in Auckland, New Zealand. The event attracted 95 sellers from 16 member countries, and 59 buyers from 14 countries including the key source markets of Australia, USA and China. New Zealand Maori Tourism was the major sponsor of the 2019 SPTe event. Other partners included Fiji Airways, Nauru Airlines, Jacks Fiji, Pure Fiji, Samson Lee Fiji, Mai Life Magazine, Fiji TV and TravMedia. Extensive media coverage was provided by Fiji TV during the two-day event. The event was covered on Fiji One news and in their local programme Talk Business. The 2019 SPTe was special in that this was the first time that SPTO recorded break even unlike previous years where losses were made, despite having sponsors.

Outcome: Rebranding of SPTO and the 'Ours Is Yours' Campaign

- SPTO has now become the Pacific Tourism Organisation. The 'South' was dropped from the organisation name and the logo remained the same. The marketing department undertook a rigorous rebranding exercise and ensured that all SPTO and marketing collaterals were updated with the change.
- A separate branding exercise also took place to ensure that the slogan "Ours Is Yours" is also included in key marketing collateral.

Outcome: Increased enrolment and certification in the South Pacific Specialist Training Programme

- A total of 222 agents registered for the South Pacific Specialist Programme with 30 of them successfully completing the programme and becoming certified South Pacific Specialists.
- The South Pacific Islands Travel agent training workshop was conducted under the Meet the Pacific UK/ Europe and Asia Roadshow (in collaboration with organizers Rosie Holidays and Turama Pacific). The South Pacific Specialist programme was marketed to approximately 500 wholesalers and travel agents in London, Milan, Madrid, Singapore, Tokyo, Seoul, Chengdu and Shanghai.
- The South Pacific Specialists programme features in the weekly Pacific Pulse newsletter.

Tahiti was the host of this year's Famil trip, which was promoted from 22nd February to 5th May 2019. Resorts that participated included Manava Suite Resort, Manava Suite Resort Moorea, Le Tahaa Private Island Resort, Manava Suite Resort Tahiti. The purpose of the promotion is to incentivize participation in the programme.

Outcome: Increased awareness of regional tourism news

Pacific Pulse Weekly e-newsletters: Newsletters circulated in the first quarter had 10,785 recipients with 47 new subscribers recorded. Second quarter recipients increased to 14,499 with an impressive 299 new subscribers. Both third and fourth quarters had 9,893 recipients with 85 and 63 new subscribers respectively.

Outcome: SPTO website, information hub for tourism in the Pacific

The website is continuously updated with the latest regional news and other important information related to tourism. The total visits on the website in the first quarter was 17,140, while the second quarter recorded the highest number at 19,568. Quarter 3 and 4 recorded 14,546 and 15,744 visits respectively.

Outcome: Active Social Media platform

SPTO's social media performed considerably well in key analytics on Facebook, Instagram, Twitter and LinkedIn.

- Facebook registered net likes of 626 with an increase from 14,536 to 15,162 this year while the highest post reach was 37,044. The highest number of posts this year was 60.
- The highest number of tweets and retweets was 56 and 241 respectively. The highest number of mentions and tags was 53 while the highest impressions was 68,500.
- There was a steady increase in Instagram followers with 1,303 recorded in the first quarter and 1,447 recorded in the last quarter.
- LinkedIn, while not the most popular platform for SPTO saw some activity this year with 21 updates, 227 post likes and 31 shares, all recorded in the second quarter.
- A total of 26 media releases from SPTO were circulated this year on various key SPTO outcomes and tourism highlights. The CEO also conducted around 10 media interviews by the Fiji and international media on key regional and global tourism issues.

Outcome: Increased membership of the Private Sector Programme

New private sector members were welcomed this year and the total members for the year stood at 136 which also included renewed membership. The private sector membership continued to be promoted on social media, newsletter and website. A splash newsletter was also circulated to private sector members.

Outcome: Increased visibility through effective PR and communications strategies

- During the SPTE new media partnerships were established with organisations such as, Maori TV, TVNZ One, Tagata Pasifika, Korea Times. Furthermore, SPTO continued with its strong partnership with Mai Life Magazine, Radio New Zealand, Fiji TV, TravMedia. As a result, there was extensive media coverage on SPTE.
- Miss Leoshina Kariha, Miss PNG and Miss Pacific Islands 2018/ 2019 was confirmed as SPTO's Tourism Ambassadors for 2019 – advocating on sustainable tourism, women and youth empowerment, education and community development. Leoshina assisted SPTO in online promotions and campaigns in 2019.



Research and Statistics Division

In 2019 the Research and Statistics division played a pivotal role in supporting the work of SPTO through quality data collection, analysis and information sharing with members and partners.

The division worked closely with the other divisions of SPTO, as well as with development partners to further the priorities of the Research and Statistics division, some of which include:

- Compilation and dissemination of timely regional tourism statistical information and research intelligence reports
- Improve the flow of tourism research and market intelligence to the relevant regional stakeholders
- Strengthen SPTO joint statistical research activities with NTOs, Institutions, Regional and International organisations.
- Facilitate regional tourism research to assist SPTO member countries with policy development and sustainable tourism planning in the region

destination dynamics. These continue to assist policy makers, industry, sector practitioners, academia and partners in planning specific interventions and decision making.

- 2018 Annual Visitor Arrivals Report: The 2018 Annual Visitor Arrivals Report provided a comprehensive analysis of annual tourism performance with insights into both regional and international trends of interest. A copy is available through the SPTO Regional Tourism Resource Centre (RTRC), upon request.
- Monthly Market Watch Publication: This publication is produced on a monthly basis and summarizes outbound travel trends, resident departure movements and market conditions of key tourist source markets for the region including Australia, New Zealand, North America, Europe, China and Asia. The Market Watch is available for NTOs and premium private sector members.

MAJOR DIVISIONAL ACHIEVEMENTS FOR 2019

Outcome: Informed decision making through the availability of quality data and information

SPTO acknowledges the support of member countries National Statistics Offices and National Tourism Offices for the provision of the required statistical data which have allowed for the production of the following:

- Quarterly Visitor Arrival Reports which provide insight into the overall performance of the region's tourism industry, taking into account the relevant source markets and

Outcome: Insightful planning through access to new market research and intelligence

The SPTO RTRC facilitates the flow of tourism market research and intelligence to regional tourism stakeholders. In 2019, the division uploaded a total of 70 new publications and/or reports to the RTRC library and created 67 new accounts throughout the course of the year. Furthermore, 477 logins were recorded, compared to 243 in 2018. This tool continues to be available free of cost to SPTO member countries and private sector members. It continues to benefit

members by leveraging on partnerships in the research field.

Outcome: Assessment of tourism statistics systems in the Pacific launched through a new partnership with PARIS21

This year marked the establishment of a new partnership to boost the development of tourism statistics in the Pacific. Under its program for Small Island Developing States, the Partnership in Statistics for Development in the 21st Century (PARIS21) partnered with SPTO to develop a regional tourism statistics strategy as part of a plan to strengthen the quality, consistency and timely availability of tourism statistics in the Pacific. The process was launched during the 2019 Board of Directors meeting in Niue with the commencement of a detail assessment of statistical systems.

Outcome: Research on synergies between sustainable growth and product development launched

Recognising the myriad of factors which impact growth and product development across the Pacific, a new joint research partnership was launched between SPTO and the UNWTO Regional Support for Asia & Pacific (RSOAP) in Japan aiming to investigate the synergies between sustainable growth and product development in the region. The partnership was launched during the Council of Tourism Ministers Meeting in Niue and presented preliminary findings.

Outcome: Enhanced access to insights into the Chinese Market

A comprehensive market research on the Chinese market was launched this year to assist the Pacific tourism industry in planning and developing 'China Ready' marketing strategies as well as tourism products targeting niche market segments in China. The initiative is part of a series of events and activities organised between the Pacific and China in celebrating the 2019 China-Pacific Tourism Year. The research was led by the China Tourism Academy through a collaboration between SPTO and the Ministry of Culture and Tourism.

Outcome: Improved capacity of NTO to conduct International Visitor Survey

The provision of technical assistance through capacity building exercises with NTOs, NSOs and private stakeholders underpins the ability of these parties to collect comprehensive and accurate data and information. As such, the division assigns significant importance to extending capacity building opportunities to NTOs, NSOs and other relevant organisations. This year, SPTO partnered with the Tourism Authority of Kiribati (TAK) to conduct its International Visitor Survey which included both Tarawa and Christmas Island. SPTO contributed to the provision of in-country stakeholder training, remote mentoring support and the provision of tools for enumerators. The exercise will be completed in 2020.

A photograph showing three men in traditional Pacific attire, including flower leis and loincloths, husking coconuts outdoors. They are using traditional tools to crack open the coconuts, with coconut shells and husks scattered on the ground. The background shows palm trees and a clear blue sky.

Sustainable Tourism Development Division

The Sustainable Tourism Development division works to improve and strengthen SPTO's ability to achieve regional and global goals for sustainable development.

The division comprises of a Manager and Sustainable Tourism Planning Officer, whose work revolves around the following objectives:

- To develop and implement regional tourism programmes aligned to the 2030 Sustainable Development Agenda, with a particular focus on Climate Change, Renewable Energy and Energy Efficiency, Waste Management and Pollution Control, Biodiversity and eco-systems management;
- Provide assistance to SPTO member countries in the development of legislation that facilitates sustainable planning initiatives and programmes;
- Encourage links between tourism and other sectors of the economy, in the hope of introducing more private sector producers into the tourism chain;
- To identify and establish partnerships with related organisations in the area of sustainable development;
- Enhance the capacity of private sector tourism SMEs in the region and facilitate human resource and capacity development in select member countries.

MAJOR DIVISIONAL ACHIEVEMENTS FOR 2019

Outcome: Heightened women empowerment and plastic waste management efforts in Fiji and Tuvalu through innovative partnerships

This year saw a unique partnership between SPTO and the village of Galoa

in the Serua Province of Fiji where a local Fijian artist was supported to train a group of 15 women in making crafts out of used plastic water bottles. Inspired by the collaboration between SPTO and UNDP in encouraging tourism's contribution to achieving the Sustainable Development Goals (SDGs), the project empowered the women through the transfer of new skills, knowledge and allowing access to simple tools and mentoring support.

The pilot project also formed a unique collaboration between the private sector represented by the Uprising Resort and the village of Galoa by allowing the women access to the resort's waste stream. Importantly the project raised awareness within the community on the importance of waste management in fighting against plastic pollution which is affecting the Pacific's marine ecosystems and the Shark Reef Marine Reserve in Fiji, in particular. The project deployed a Creative's Approach where the contribution of local artists have directly resulted in creating a new livelihood opportunity for communities and provide a pathway to using creativity in addressing environmental challenges. The success of the project was replicated through a partnership between SPTO and the Pacific Islands Forum Secretariat where a total of 18 women and youth in Tuvalu from the island communities based in Funafuti benefitted from the new skills and tools.

Outcome: Improved quality of hospitality services in Tuvalu through in-country training support

Ahead of the 2019 Pacific Islands Forum

Leaders meeting, a follow up practical training was provided by SPTO through the engagement of experts from ServicePro International Training Ltd Fiji for hospitality workers on Funafuti, Tuvalu. The training addressed improvements in customer service, food handling and preparation and food and beverage services and benefitted a total of 30 local industry employees. This was a follow up training to that which was supported by SPTO in 2018 with a view to promote agritourism opportunities on the island and enhancing the culinary experiences available. To that end, the programme encouraged the use of locally available fresh produce and seafood as well as minimising reliance on imported food. As a young destination that is at the forefront of the climate change battle, the training served as an inspiration to all participants and to Afelita's Island Resort owner Mrs. Lita Pita who was grateful for the opportunity to learn, as a business owner who multi-tasks on a daily basis by being an office manager, housekeeper and chef.

Outcome: Strengthened linkages between tourism and Agriculture in PNG through policy development support

Through a multi-stakeholder partnership to promote private sector development in agritourism, SPTO partnered with the Pacific Islands Private Sector Organisation (PIPSO) through funding support from the European Union and the Center for Agricultural Cooperation (CTA) in hosting the first national forum to discuss opportunities for agritourism. Held in Port Moresby and organised through the

Papua New Guinea Tourism Promotion Authority, the dialogue raised key issues on coordination, infrastructure, improvement to transportation services to link farmers in rural areas and outer islands to Port Moresby and tourism operators. The workshop was the first of its kind in bringing the tourism and agriculture sectors together the outcomes of which helped inform the development of the National Agritourism Policy for Papua New Guinea. As a destination rich in agricultural resources, the contribution of 40 participants at the workshop helped Government in its role in strengthening the linkages between sectors and harnessing opportunities for quality culinary experiences across the country.

Outcome: Enhanced upskilling of industry professionals from Solomon Islands through work attachment opportunity

Two women chefs from the Western Province in Solomon Islands benefited from a hands-on work attachment programme piloted this year through a collaboration between SPTO, the Solomon Islands Western Province Tourism Association, the Solomon Airlines and the Uprising Resort in Fiji. Building on its national chefs' development programme, the opportunity presented the two top chefs who were recognised for high standing in the national chefs' competition an opening to learn practical skills in a demanding setting, working alongside talented chefs and kitchen hands from the Uprising Beach Resort. The duo learnt new skills on how to cook new dishes, using new ingredients,

provided exposure to a new clientele, adapting to a busier schedule, learning how to make traditional Fijian food. The eventful two weeks for the chefs were fulfilling and demonstrated the value of uniting Pacific destinations in supporting each other, through learning and sharing of skills and knowledge. The pilot project has potential to benefit more countries and industry professionals in the years to come through support and strengthening of Public Private Partnerships.

Outcome: Strengthened linkages between tourism and Civil Society Organisations through a new partnership with ADRA Fiji

This year marked a new chapter for SPTO in its partnership engagement and advocacy work when it officially signed a Letter of Agreement with the Adventist Development and Relief Agency (ADRA) Fiji, a global humanitarian agency with a focus on community development. The partnership commenced following the approval of a joint project concept by the European Union which aimed at supporting increased green income generating opportunities through eco-tourism, agriculture and enhancing creative industries amongst others on Koro Island. For SPTO, this provided an opportunity to gain exposure in community level engagement and strengthening advocacy on sustainable tourism development. The partnership entails a grant proposal development phase which will be led by ADRA Fiji. Recognising the contribution of civil society organisations in the Pacific, this new partnership is an opportunity for SPTO to learn and adapt to new models

of service delivery, share expertise and information on sustainable tourism and promoting innovation in working with communities.

Outcome: Improved human resource capacity through student engagement

A total of 4 student interns from universities in Canada and the United States of America completed 3 months each of internship with SPTO this year. The students came through the partnership between SPTO and the Insights Global Education Semester in Development in Fiji programme. As the organisation continues to experience human resource constraints, the interns who are studying environmental science courses have been a welcomed support. Their contribution to in depth research, introducing innovation in promoting a Plastic Free Tuesday for the organisation and completing significant research and drafting of funding proposals were amongst the highlights of the student internship programme this year. In return, SPTO provided learning opportunities and exposure to major challenges faced by the tourism sector in the region as it progresses in its journey to achieve the SDGs.

Outcome: Enhanced awareness and engagement in key regional and international events

Amongst many important events and forums this year, the role of the division in representing the interests of members and the sector remained a key priority. The following key events were facilitated and attended this year.

Tourism and the SDGs Conference, Massey University New Zealand

The Tourism and SDGs Conference coordinated by Massey University through funding support from the Government of New Zealand allowed Cook Islands, SPTO, Fiji, Niue, Samoa, Solomon Islands and Vanuatu to participate and contribute to the discussion on the tourism sector's journey where partnerships and locally-led initiatives underscore the ability of each country to meet the targets of the SDGs.

Human Resource Management Training, Guangzhou China

In commemorating the China-Pacific Tourism Year, a total of 6 countries namely Fiji, Niue, Papua New Guinea, Samoa, Tonga and Vanuatu joined SPTO in participating at a short course on Human Resource Management in Tourism at Jinan University, Guangzhou China. The training provided insights into the development approaches in the province including investment and innovation which has significantly contributed to the current state of tourism in Guangzhou.

Pacific Resilience Partnership Meeting, Suva Fiji

The inaugural meeting brought together over 100 regional stakeholders from the public and private sectors, civil societies, academia, Faith-based organisations and development partners to deliberate on climate and disaster resilience issues in the Pacific. The event highlighted a range of initiatives taking place across the Pacific including under the three goals of the Framework for Resilient Development in the Pacific namely (i) strengthened integrated adaption and risk reduction to enhance resilience to climate change and

disasters, (ii) low carbon development and (iii) strengthened disaster preparedness, response and recovery. A world first, the PRP brought home the message of unity and recognising the role of all stakeholders and individuals in promoting resilience in the Blue Pacific.

2nd Pacific Week of Agriculture, Samoa

A Chefs and Mamas Cook Off event was co-hosted by SPTO and the Samoa Tourism Authority with the support of CTA during the 2nd Pacific Week of Agriculture which was hosted by Samoa in October. The event focused on strengthening linkages between chefs and women farmers an important area that is often overlooked in the quest to improve the food and culinary experiences of visitors across the Pacific. The event also supported joint efforts between the tourism and agriculture sectors and recognised the abilities of local chefs in advancing their skills and talents in the industry. The event was also supported by the local tourism industry and the Australia Pacific Training Coalition.

Sustainable Islands Tourism Conference, Vanuatu

This major international event hosted by the Government of Vanuatu shed light on the importance of sustainability and community-centered approaches to tourism development. It also called for stronger regional commitment to transforming the sector by making the necessary changes that will impact the lives of communities through increased benefits, promotion of environmental protection and sustain livelihoods. SPTO contributed to the dialogue and continue to promote further partnerships that will add value to the initiative of Vanuatu.

A photograph of three children, two girls and one boy, smiling and holding hands in a rustic, wooden structure. The boy is in the center, shirtless, wearing a red cloth around his waist. The girl on the left is wearing a white dress with ruffled sleeves. The girl on the right is wearing a green and white striped shirt. The background shows wooden beams and green foliage.

Finance and Corporate Services Division

The Finance and Corporate Services division (FCSD) oversees support services for SPTO, particularly in the areas of accounting, human resources & administrative services and information and communication technology. The division comprises of 5 staff, led by the Finance and Corporate Services Manager.

The key objectives of the division are:

1. Ensure that SPTO accounts are properly maintained and independently audited, as per Fiji accounting standards
2. Provide timely and accurate financial management reports which monitor expenditure and income
3. Manage the relevant personnel matters and general office administrative functions
4. Assist with arrangements for SPTO Board and Council meetings
5. Manage SPTO assets
6. Manage ICT support system requirements

MAJOR DIVISIONAL ACHIEVEMENTS FOR 2019

Outcome: Robust financial services

Monthly financial reports were developed and shared internally with management as a means of monitoring the divisional and overall finances of SPTO. Moreover, quarterly reports were also developed and shared with the Board.

Other services included the timely processing of payments and wages, accurate monitoring of the budget and preparation of management allowances.

As always, a key focus of the division is to maintain up to date audited accounts. The Audit conducted in 2019 for the 2018 financial accounts resulted in an unmodified opinion indicating the 2018 financial statements is confirmed to be

true and fair view of the affairs of SPTO to 31st December, 2018.

Outcome: Government membership payment

In the first quarter all government members were issued with membership invoices, seeking timely payment of their respective contributions. As a result of continuous follow-up correspondence and support full payments were made by eighteen (18) government members while membership contributions from two (2) countries were not received.

Outcome: Efficient administrative and personnel support

For the period assessed, two (2) recruitments were conducted by the division. This process included the advertisement, screening, short listing, interviewing and selecting of the final successful candidate. Further to this, the division also coordinated and facilitated staff meetings, exit interviews, placement of interns within the organisation, inductions for incoming interns and staff performance appraisals for 2019.

Staff welfare continues to be well maintained with robust medical insurance & term life policy and well established leave entitlements. In addition, the division maintained all contracts and MOUs; ensuring their alignment with SPTO policies and procedures and the relevant legal frameworks.

Outcome: Strengthened administrative support to other divisions

- The division provided the usual logistical support to the Executive Office, for the two Board meetings and one Council meeting held in 2019:
- Board Meeting 8th May 2019, Auckland, New Zealand
- Board Meeting 2nd October 2019, Alofi, Niue
- 29th Council of Ministers of Tourism Meeting- 3rd October, Alofi, Niue

This included the management of travel and accommodation arrangements, preparation of the relevant Board papers and distribution of information packs.

The FCSD manager also undertook OIC responsibilities on several occasions with the relevant reports submitted to the CEO upon his return to office and represented the CEO at the following key meetings:

EDF 11 Working Group Meetings

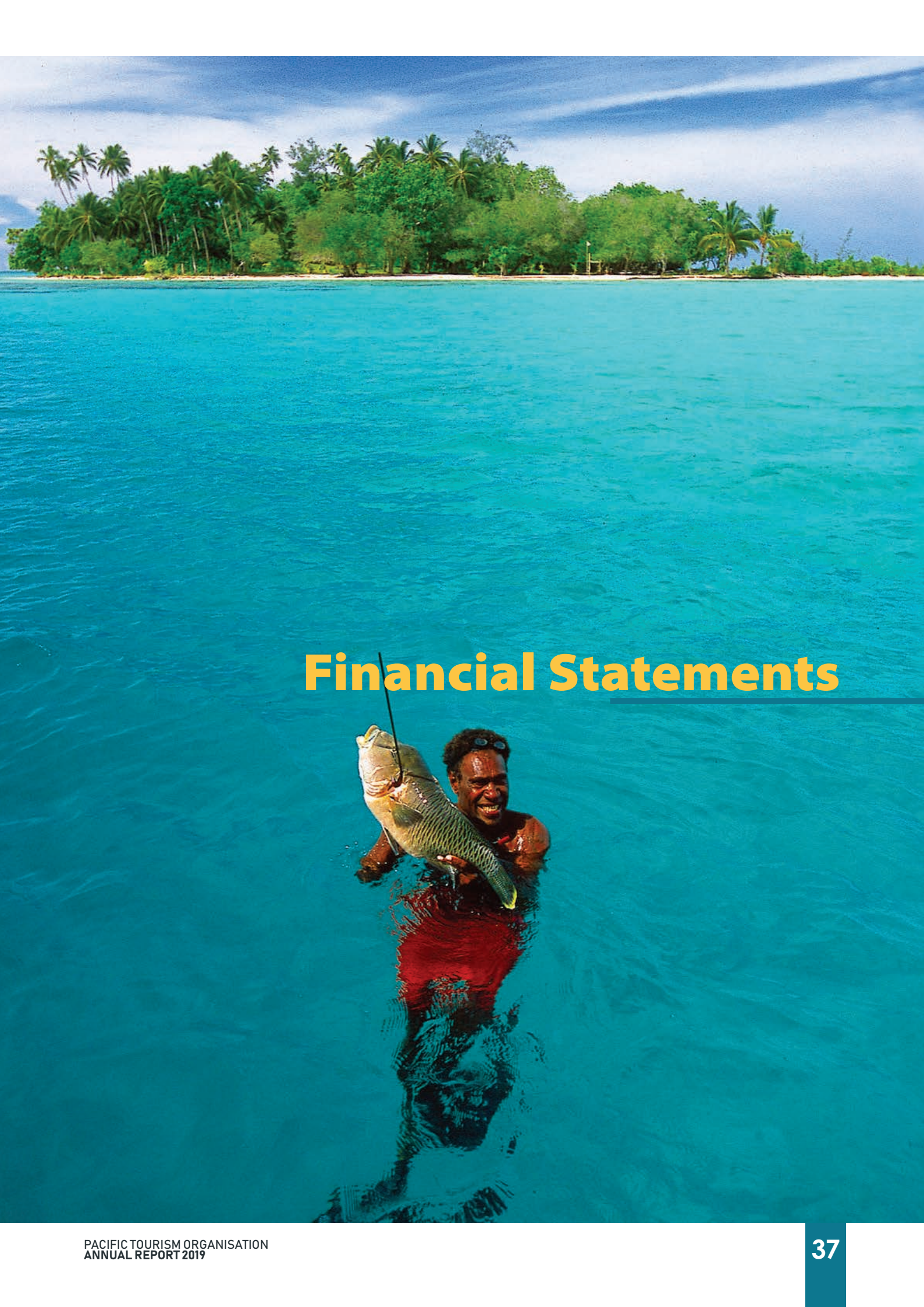
- CROP Heads Meeting
- Director Corporate Services Forum re; harmonization issues of CROP

Outcome: Effective financial and administrative services to donor projects

The division provided the financial and administrative support to the following donor projects for the year 2019;

- My Fiji Shark & Green Tourism Project funded by UNDP
- Pacific Islands Trade/Investment & Tourism Promotion Project funded by Ministry of Foreign Affairs Korea
- US Pacific Islands Tourism Professional Fellows Programme funded by Pacific Islands Development Program-East-West Centre



A full-page background image showing a man in the water holding a large fish. In the background, there is a tropical island with palm trees under a blue sky with some clouds. The water is a vibrant turquoise color.

Financial Statements

**PACIFIC TOURISM ORGANISATION SPECIAL PURPOSE
FINANCIAL STATEMENTS 31 DECEMBER 2019.**

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REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS

In accordance with a resolution of the Board of Directors, we herewith submit the balance sheet of the organisation as at 31 December 2019, and the related income statement and cash flow statement for the year then ended and report as follows:

1. Directors

The following were the directors of the organisation at any time during the financial year and up to the date of this report:

- Sonja Hunter [resigned in May 2019]
- Faamatuainu Suifua [replaced Sonja Hunter]
- Josefa Tuamoto
- David Vaeafe [Chairperson, resigned in November]
- Minnie Tuia [replaced David Vaeafe]
- Jose Quintana
- Gina Bunton
- Yok Yee Chen
- Sandrine Bellier
- Felicity Bollen [Vice Chair]
- Annabelle Scotty
- Major Pedro Edmunds Paoa
- Adela Issachar Aru
- Halatoa Fua
- Bermance Aldis
- Fakavae Taomia [resigned in November]
- Avafoa Irata [replaced Fakavae Taomia]
- Brenda Alik Maddison
- Jerry Agus
- Reeti Onorio [resigned in July 2019]
- Petero Manufoalau [replaced Reeti Onorio]
- Sione Moala
- Napole Polutele

2. Principal activity

The principal activity of the organisation is to promote and develop the tourism industry in the South Pacific and foster regional co-operation between the member countries, the tourism operators and the private sector.

During the year ended 31 December 2019 there has been no material change in the nature of the organisation's activities or in the classes of activities in which the organisation has an interest.

3. Operating results

The deficit in income over expenditure for the financial year was \$53,735 (2018: surplus of \$798,286).

The directors had in October 2019, approved the use of \$537,000 from the organisation's accumulated funds to meet the anticipated deficit for the 2019 financial year.

REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS - continued

4. Reserves

No transfers to reserves were recommended by the directors in respect of the year ended 31 December 2019.

5. Provisions

There were no material movements in provisions during the year apart from normal amounts set aside for items such as doubtful debts, depreciation and annual leave.

6. Bad and doubtful debts

We have taken reasonable steps before the organisation's financial statements were made out to ascertain that all known bad debts were written off and adequate provision was made for doubtful debts. At the date of this report, we are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the provision for doubtful debts, inadequate to any substantial extent.

7. Current assets

We took reasonable steps before the special purpose financial statements were made out to ascertain that the current assets of the organisation were shown in the accounting records of the organisation at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, we are not aware of any circumstances which would render the values attributable to the current assets in the organisation's special purpose financial statements misleading.

8. Events subsequent to balance date

No charge on the assets of the organisation has arisen since the end of the financial year to the date of this report to secure the liabilities of any other person.

No contingent liability has arisen since the end of the financial year to the date of this report.

No contingent or other liability has become enforceable or is likely to become enforceable within a period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the organisation to meet its obligations as and when they fall due.

REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS - continued

9. Basis of accounting

We believe that the basis of preparation of the special purpose financial statements is appropriate and the organisation will be able to continue its operations for at least 12 months from the date of this statement. Accordingly, we believe the classification and carrying amounts of the assets and liabilities as stated in these special purpose financial statements to be appropriate.

10. Other circumstances

At the date of this report, we are not aware of any circumstances not otherwise dealt with in this report or special purpose financial statements which would render any amounts stated in the special purpose financial statements misleading.

11. Unusual transactions

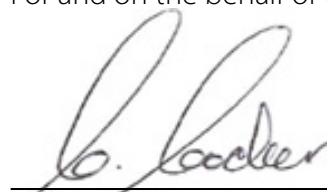
The results of the organisation's operations during the financial year have not in the opinion of the directors been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the special purpose financial statements.

12. Directors benefits

No director of the organisation has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the total of emoluments received or due and receivable by directors as shown in the organisation's special purpose financial statements) by reason of a contract made by the organisation or related corporation with the director or with a firm of which he is a member, or with an organisation in which he has substantial financial interest.

Dated 20th day of May..... 2020.

For and on the behalf of the Board



Chief Executive Officer



Chairperson

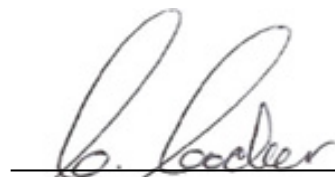
APPROVAL OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS

In the opinion of the Directors, the special purpose financial statements set out on pages 7 to 14 are drawn up so as to give a true and fair view of the state of affairs of the Pacific Tourism Organisation as at 31 December 2019 and of its results and cash flows for the year ended on that date.

The Directors and Management believe the basis of preparation of the special purpose financial statements and the classification and carrying amounts of assets and liabilities as stated in these special purpose financial statement are appropriate.

The special purpose financial statements are approved in accordance with a resolution of the directors this 20th day of May 2020.

For and on behalf of the Board



Chief Executive Officer



Chairperson



INDEPENDENT AUDITOR'S REPORT

To the members of Pacific Tourism Organisation

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements (referred hereafter as "financial statements") of the Pacific Tourism Organisation (the 'Organisation'), which comprise the balance sheet of the Organisation as at 31 December 2019 and income statement and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Organisation are prepared, in all material respects, in accordance with the Organisation's accounting policies as described in Note 1 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organisation in accordance with the ethical requirements of the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements in Fiji, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Emphasis of Matter - Basis of accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the accounting policies described in Note 1 to the financial statements. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect to this matter.

Responsibilities of Directors' and Management for the financial statements

Directors' and Management are responsible for the preparation of the financial statements in accordance with the Organisation's accounting policies, and for such internal control as the directors' and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors' and management are responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

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INDEPENDENT AUDITOR'S REPORT - continued

concern basis of accounting unless the directors' and management either intend to liquidate the Organisation or to cease operations, or have no realistic alternative but to do so.

The Directors' and Management are responsible for overseeing the Organisation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors' and Management.
- Conclude on the appropriateness of Directors' and Management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.

We communicate with the Directors' and Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITOR'S REPORT - continued

Restriction on Use

This report is made solely to the Organisation's members. Our audit work has been undertaken so that we might state to the Organisation's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Organisation and the Organisation's members as a body for our audit work, for this report, or for the opinions we have formed.

26 May 2020
Suva, Fiji


PricewaterhouseCoopers
Chartered Accountants

INCOME STATEMENT

	Note	2019 \$	2018 \$
Income			
Members' contributions		1,056,796	1,008,086
PRC donation		627,887	199,481
International fairs/conferences		668,448	672,697
Travel industry membership		60,655	66,797
Other income		80,318	135,517
Funds from EDF10 – Project Account		-	193,268
Funds from Expo Project Account	12	58,795	1,228,263
Total Income		<u>2,552,899</u>	<u>3,504,109</u>
Expenditure			
Depreciation		22,462	24,874
Doubtful debts expense		-	-
International fairs/conferences		1,134,650	1,065,714
Salary and other staff costs		922,143	1,007,097
Administration and other operational costs		527,379	608,138
Total expenditure		<u>2,606,633</u>	<u>2,705,823</u>
(Deficit)/Surplus for the year		<u><u>(\$53,735)</u></u>	<u><u>\$ 798,286</u></u>

The above income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

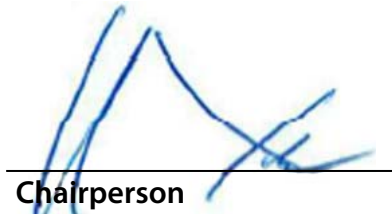
	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	2	645,208	705,586
Government membership fees in arrears	3	1,619	10,794
Trade, other debtors and prepayments	4	204,979	218,975
Total current assets		851,807	935,355
Non-current asset			
Plant and equipment	5	33,243	42,567
Total assets		885,050	977,922
EQUITY			
Accumulated funds	7	747,094	800,829
Total equity		747,094	800,829
LIABILITIES			
Current liabilities			
Amounts received in advance		38,219	71,985
Creditors and accruals		90,987	90,309
Intercompany		1,444	-
Total current liabilities		130,650	162,294
Non-current liabilities			
Donor grant – deferred income	6	7,305	14,799
Total non-current liabilities		7,305	14,799
Total liabilities		137,955	177,093
Total reserves and liabilities		\$ 885,050	\$ 977,922

The balance sheet should be read in conjunction with the accompanying notes.

These special purpose financial statements are approved in accordance with a resolution of the Board of Directors.

For and on behalf of the Board of Directors.


Chief Executive Officer


Chairperson

CASH FLOW STATEMENT

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from member countries		998,001	997,305
Amounts received from expo projects	12	58,795	867,359
Receipts from donor funded workshops/conferences		281,136	(180,516)
Payments to suppliers and employees		(1,411,252)	(1,644,609)
<i>Net cash from operating activities</i>		<u>(73,320)</u>	<u>39,540</u>
Cash flows from investing activities			
Purchase of plant and equipment		12,942	(28,061)
<i>Net cash used in investing activities</i>		<u>12,492</u>	<u>(28,061)</u>
Net decrease in cash		(60,378)	11,479
Cash and cash equivalents at the beginning of the year		<u>705,586</u>	<u>694,107</u>
Cash and cash equivalents at the end of the year	2	<u>\$645,208</u>	<u>\$705,586</u>

The cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Set out below is a summary of the significant accounting policies adopted by the organisation in the preparation of the special purpose financial statements. These policies have been consistently applied by the organisation except where otherwise stated.

(a) Basis of accounting

These financial statements are Special Purpose Financial Statements ('financial statements') and it reflects the activities of PTO's Main and Revenue Accounts. The special purpose financial statements have been prepared in accordance with generally accepted accounting principles. They have been prepared on the basis of historical costs and except where specifically stated, do not take into account current valuations of non-current assets.

(b) Plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes all expenditures that are directly attributable to the acquisition of the asset.

Plant and equipment acquired through the various projects undertaken by the organisation and which are funded by donors are capitalised as the organisation's assets at the Board's valuation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associate with the item will flow to the organisation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(c) Depreciation

Depreciation is calculated on a straight-line basis so as to write off the cost of each asset over its estimated useful life.

The depreciation rates in use are:

Furniture, Fittings & Equipment	20.0%
Computer Equipment	33.3%
Motor Vehicle	20.0%

(d) Donor grants

Grants from governments and other donors are recognised at their fair value when there is a reasonable assurance that the grant will be received, and the organisation will comply with all attached conditions.

Grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Grants related to the purchase or acquisition of property, plant and equipment are included in liabilities as deferred revenue and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

(e) Foreign currency

All amounts in foreign currencies at balance date are translated to Fijian dollars at the rates of exchange prevailing at year end. All transactions during the year denominated in foreign currencies are translated at rates prevailing at the transaction date.

Exchange differences are brought to account in determining the results for the year.

(f) Employee entitlements

The amounts expected to be paid to employees for their pro-rata entitlements for annual leave are accrued annually at current wage rates.

(g) Reporting currency

The special purpose financial statements are presented in Fijian dollars, which is the functional and presentation currency of the organisation.

(h) Revenue recognition

Subscription income is brought to account on an accrual basis. Any subscriptions received in advance are carried forward in the balance sheet under current liabilities. Subscriptions in arrears are taken up as receivables.

(i) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and on hand and short term deposits.

(j) Comparative figures

Where necessary, comparative figures have been changed to conform to changes in presentation in the current year.

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS - continued

2. Cash and cash equivalents

Cash and cash equivalents comprise of:

	2019 \$	2018 \$
Cash on hand	400	400
Cash at bank	565,546	484,809
Term deposits	79,262	220,376
	<u>\$ 645,208</u>	<u>\$ 705,586</u>

3. Government membership fees in arrears

Fees in arrears	160,981	123,235
<u>Less: Provision for doubtful debts</u>	<u>(159,362)</u>	<u>(112,441)</u>
	<u>\$1,619</u>	<u>\$10,794</u>

4. Trade, other debtors and prepayments

	2019 \$	2018 \$
Trade debtors	-	721
Other debtors and prepayments	258,012	294,419
	<u>258,012</u>	<u>295,140</u>
<u>Less: Provision for doubtful debts</u>	<u>(53,033)</u>	<u>(76,165)</u>
	<u>\$ 204,979</u>	<u>\$ 218,975</u>

5. Plant and equipment

(a) Plant and equipment are included on the following bases:

	2019 \$	2018 \$
Furniture, fittings and equipment		
• at Board's valuation	3,031	3,030
• at cost	<u>36,759</u>	<u>36,759</u>
	<u>39,790</u>	<u>39,789</u>
<u>Less: Accumulated depreciation</u>	<u>(39,606)</u>	<u>(39,376)</u>
	<u>184</u>	<u>413</u>

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS - continued

Computer equipment		
• at Board's valuation	28,049	28,049
• at cost	95,741	82,603
	123,790	110,652
<u>Less:</u> Accumulated depreciation	(98,085)	(83,207)
	25,705	27,445
Motor vehicle		
• at Board's valuation	36,768	36,768
• at cost	-	-
	36,768	36,768
<u>Less:</u> Accumulated depreciation	(29,414)	(22,061)
	7,354	14,707
Total plant and equipment		
• at Board's valuation	67,848	67,848
• at cost	132,500	119,362
	200,348	187,210
<u>Less:</u> Accumulated depreciation	(167,105)	(144,643)
	<u>\$ 33,243</u>	<u>\$ 42,567</u>

(b) The depreciation policy adopted is set out in note 1 (c).

(c) The organisation also acquires plant and equipment through the various projects undertaken and which are funded by donors. In accordance with note 1(b), these assets are capitalised in the organisation's special purpose financial statements at values recommended by the Board based on costs incurred by the donors to acquire these items.

(d) Reconciliation of plant and equipment

	Furniture, Fitting & Equipment	Computer Equipment	Motor Vehicle	Total
	\$	\$	\$	\$
Carrying amount as at 31 December 2018	414	27,445	14,708	42,567
Additions	-	13,138	-	13,138
Disposals	(230)	(14,878)	(7,354)	(22,462)
Carrying amount as at 31 December 2019	<u>184</u>	<u>25,705</u>	<u>7,354</u>	<u>33,243</u>

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS - continued

6. Donor grant – deferred income

	2019	2018
	\$	\$
Opening balance	14,799	28,856
Add: Grant received during the year (at Board's valuation)	-	-
	14,799	28,856
Less: Transfer to other income during the year	(7,494)	(14,057)
	<u>\$7,305</u>	<u>\$14,799</u>

7. Accumulated funds

The accumulated funds is reconciled as follows:

Opening balance – 1 January	800,829	2,543
(Deficit) / Surplus in income over expenditure for the year	(53,735)	798,286
Closing balance – 31 December	<u>747,094</u>	<u>800,829</u>

8. Income taxes

The organisation is exempt from income taxes in accordance with the Second Schedule of the Diplomatic Privileges and Immunities Act, 1971.

9. Principal activity

The principal activity of the organisation is to promote and develop the tourism industry in the South Pacific and foster regional co-operation between the member countries, private sector and the tourism operators.

The organisation's registered office is situated on level 3, FNPF Place, Victoria Parade in Suva.

10. Commitments and contingent liabilities

(a) There were no commitments as at 31 December 2019 (2018: \$Nil).

(b) There were no contingent liabilities as at 31 December 2019 (2018: \$Nil).

11. Employee entitlements

	2019	2018
Provision for annual leave	\$ 27,311	\$ 38,770
Average number of employees during the financial year	19	16

12. Funds from Expo projects

During the year the board approved the transfer of residual funds amounting to \$58,795 held in the form of a term deposit with ANZ bank for the Expo projects to the organisation's main account to serve as the deposit held against the organisations' credit card held facility. The credit card facility is used for the normal operations of the business.

13. Events subsequent to balance date

The World Health Organisation declared a pandemic in relation to the Novel Coronavirus (COVID-19) on 11 March 2020 and the outbreak has already surfaced in Fiji. The outbreak is causing unprecedented social disruption, and global economic and financial markets volatility. As the emergence of the situation is in its earlier stages, the full extent of exposures to and the impacts on the Organisation are uncertain. The Organisation is assessing and closely monitoring emerging risks. Due to this pandemic, the Organisation expects a more stringent cost monitoring process for the subsequent accounting period.

There is, at the date of this report, no other matter or circumstance that has arisen since 31 December 2019 that has significantly affected, or may significantly affect:

- (i) the organisation's operations in future financial years;
- (ii) the results of those operations in future financial years; or
- (iii) the organisation's state of affairs in future financial years.





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