



# Pacific Horticultural and Agricultural Market Access Program (PHAMA) Quarterly Exception Report #2

30 SEPT 2011

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## Abbreviations

Abbreviation	Description
ACIAR	Australian Centre for International Agricultural Research
AFAS	Australian Fumigation Accreditation Scheme
AQIS	Australian Quarantine Inspection Service
ASP	Annual Strategic Plan
AusAID	Australian Agency for International Development
BA	Biosecurity Australia
BAF	Biosecurity Authority of Fiji
BATS	Biosecurity and Trade Services Team (of SPC)
BIF	Biosecurity information facility
CLIP	Cocoa Livelihoods Investment Program
EU	European Union
HACCP	Hazard and Critical Control Point (Plans)
LTA	Long Term Adviser
MA	Market Access
MAWG	Market Access Working Group
MERI	Monitoring, Evaluation, Reporting and Improvement
MFAT	(NZ) Ministry of Foreign Affairs and Trade
NMAC	National Market Access Coordinator
NPPO	National Plant Protection Organisation
NZ	New Zealand
NZ MAF	New Zealand Ministry of Agriculture and Fisheries
NZAP	New Zealand Aid Programme
NZD	New Zealand dollar
PARDI	Pacific Agricultural Research and Development Initiative
PCC	Program Coordinating Committee
PDD	Program Design Document
PHAMA	Pacific Horticultural and Agricultural Market Access Program
PIC	Pacific Island Country
PMAS	Principle Market Access Specialist
PMO	Program Management Office
PNG	Papua New Guinea
PPPO	Pacific Plant Protection Organisation
PR	Public Relations
PRA	Pest Risk Analysis
QBS	Quarantine and Biosecurity Specialist
QER	Quarterly Exception Report
SPC	Secretariat of the Pacific Community
STA	Short Term Adviser
TL	Team Leader
TLB	Taro Leaf Blight
URS	URS Australia Pty Ltd

## Introduction

The Quarterly Exception Reports (QERs) are designed to provide a mechanism for concise reporting of Program progress, major achievements and issues. The Contract requires that four of these reports are provided per year, at the end of the March, June, Sept and December quarters. The March and September QERs are produced as standalone documents. In order to avoid duplicate reporting, AusAID has agreed that the June and December QERs should be integrated into the 6-Month Progress Reports scheduled for the end of June and December.

This QER covers the period from July 1 through to 30 September 2011, being months 6–9 of the 29 month Phase 1 implementation period.

**Components 1–3.** The Contract for implementation of Components 1-3 of the Pacific Horticultural and Agricultural Market Access Program (PHAMA) was signed by URS on 20 January 2011. Despite a difficult start-up period<sup>1</sup>, implementation of Components 1–3 is largely on-track:

- the five National Market Access Working Groups (MAWGs) are established and performing at a generally acceptable (although variable) level in terms of their governance roles;
- satisfactory progress is being made with implementation of the 39 market access (MA) activities included in the 2011/12 Annual Strategic Plan (ASP);
- the major focus for the next 3 months will remain on consolidating MAWG and National Market Access Coordinator (NMAC) operations and implementation of the 39 major activities already identified;
- one additional activity where urgent action is warranted has been identified and is put forward for approval in this QER. This involves underwriting the cost of an improved shipping service from Tonga to New Zealand (NZ) during the peak water melon export season. It is also proposed that two other activities, already approved in the 2011/12 ASP, should be refined in scope to take into account the result of initial investigations.
- Program management systems and processes are established and operating satisfactorily.

**Component 4.** The ‘Exchange of Letters’ between AusAID and the Secretariat of the Pacific Community (SPC) for implementation of Component 4 took place in April 2010, with the first tranche of funds being disbursed in June 2010. With the recent cessation of various other funding streams, PHAMA is now the major source of operational funding available to support the work of SPC’s Biosecurity and Trade Services Team (BATS), which is responsible for Component 4 implementation.

Implementation of Component 4 continues to be frustrated by staff recruitment /retainment issues. Both of the senior professional positions designated for PHAMA funding, and three of the five technician positions, are still in the process of being filled. This situation is further compounded by the recent resignation of the BATS Coordinator. Within the limitations imposed by these constraints, implementation of activities in the three main areas identified in the Component 4 design has proceeded at a basic level.

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<sup>1</sup> Caused by delays in signing the Subsidiary Agreement between the Government of Australia and Government of Fiji, and the resulting delay in establishment of the PMO in Suva.

## Progress over the Period

### 2.1 MAWG Development and Operations

- The third round of quarterly MAWG meetings was held during September to discuss emerging MA issues and to provide general oversight of activities already being implemented by PHAMA.
- In general, these meetings went well with lively discussion and good outcomes. However, in some countries, interest of key Government representatives may be waning.
- The Principal Market Access Specialist (PMAS) and the Quarantine and Biosecurity Specialist (QBS) continue to attend the quarterly MAWG meetings. While placing a significant demand on their time, this level of support is considered essential during the early stages of MAWG development to keep the process 'on the rails'. Future meeting rounds will increasingly involve the presence of only one, not both of the technical long term advisers (LTAs), with increased differentiation of their roles.
- Interim 'mini-MAWG' meetings (coordinated by the NMACs) are being held between the major quarterly meetings on an as-required basis. At least one 'mini-MAWG' has been held in all countries between the second and third quarterly meetings, and in some cases two. These 'mini-MAWGs' are proving valuable as a means of maintaining momentum, and are actively encouraged.
- Meeting proceedings and outcomes continue to be fully minuted, facilitated by the NMACs with back-up support from the LTAs.
- Functional capacity of the MAWGs, encompassing meeting management skills, record-keeping skills, development of key communication and coordination roles, and ability to canvass and assimilate the broad range of information required to make sensible decisions on MA issues continues to grow and is generally satisfactory at this early stage of development.
- With formal endorsement by the Fiji Government in August, the role and function of the MAWGs has now been endorsed by Government in all countries. The level of endorsement varies between countries, ranging from Cabinet-level endorsement to Ministerial endorsement to endorsement by the Permanent Heads of the various Ministries involved.
- The NMACs are steadily developing their communication networks with both government and private sector stakeholders, and managing these networks to ensure that PHAMA is widely understood, that current MA issues are identified and brought to the attention of the MAWGs, and that what is being done to address particular issues is publicised. Some NMACs are more comfortable (and better skilled) at working with government stakeholders, others with the private sector. The need to be equally active and effective in dealing with both groups, and to provide a bridge between the two, needs to be constantly reinforced.
- As the NMACs grow into their roles, there is also a need for them to become more proactive in identifying, backgrounding and screening possible MA issues for PHAMA support, exercising their own judgement in the process.

### 2.2 Market Access Development Activities

- Three months into the ASP period, progress in implementing the MA activities included in the 2011/12 ASP is considered satisfactory. Of the 39 activities included in the ASP, work has already commenced on roughly half, with 3 completed. A summary of progress by activity is provided in Appendix A.
- The major focus for the next 3 months will be on further consolidating the program of work associated with implementation of these 39 activities.

- The MAWG's are actively considering additional activities for the PHAMA pipeline (Appendix B). Subject to the Program Management Office (PMO) having sufficient capacity to implement, it is anticipated that a set of additional activities will be proposed later in the year for approval by the second Program Coordinating Committee (PCC) meeting scheduled for December, with implementation to commence in the second half of the 2011/12 Financial Year.
- One additional activity where more urgent action is warranted has been identified and is put forward for approval in this QER. This involves underwriting the cost of an improved shipping service from Tonga to NZ during the peak water melon export season. It is also proposed that two other activities, already approved in the 2011/12 ASP, should be refined in scope to take into account the result of initial investigations. Further detail is provided in section 3.1.
- Given the number of activities, countries, stakeholders and short term advisors (STAs) involved across the Program, managing the workload is becoming an increasing challenge for the core LTA Team. As the workprogram continues to grow, increasingly strategic allocation of LTA resources will be required.
- Communications between the Program, Biosecurity Australia (BA), and Australian Quarantine Inspection Service (AQIS) concerning the management of various Australian MA and quarantine issues is routine and productive. A series of meetings was held in Canberra on August 2-3, involving a broad range of BA and AQIS staff. Communications with the New Zealand Ministry of Agriculture and Fisheries (NZ MAF) are less well developed. Attempts to meet formally with NZ MAF during the quarter have been unsuccessful, although a meeting in Wellington has now been re-scheduled for October 10.
- In addition to the workload associated with development of the MAWG's and implementation of the 39 MA activities included in the 2011/12 workplan, the PMO continues to field a wide range of miscellaneous MA and quarantine-related enquiries from exporting and importing country regulatory authorities and exporters (see Appendix C).

## 2.3 Regional Support Services (SPC Implemented)

Implementation of Component 4 continues to be frustrated by staff recruitment/ retention issues.

- Both of the PHAMA-funded senior professional positions (the Market Access Coordinator and the Entomologist) have been vacant over the 3 month reporting period<sup>2</sup>.
- Three of the five PHAMA-funded technician positions are also currently vacant<sup>3</sup>.
- This situation is further compounded by the recent resignation of the BATS Coordinator. The sole remaining senior BATS staff member (the Biosecurity and Trade Facilitation Officer) is currently filling-in as Acting Coordinator prior to appointment of a replacement.

Within the limitations imposed by these constraints, work has continued over the last 3 months in a number of the areas identified in the Component 4 design. Specific activities for which PHAMA funding has been used over the period include:

<sup>2</sup> The replacement Entomologist has been selected (following the resignation of the original appointment after a month on the job) and is likely to start during October. The Market Access Coordinator is due take up his position on Nov 8.

<sup>3</sup> Recruitment of the Biosecurity Technician position is in process. The Trade Statistics Database Technician has recently resigned to take up a position with OCO. The Biosecurity Information Technician (to assist with the Pacific Pest List database) is in place, shared with ACIAR, but is on maternity leave until January. The WTO Sanitary and Phytosanitary Enquiry Point Technician ('Help Desk Technician') and the Animal Health Information Technician are in place.



### ***Market Access and Trade Facilitation Support***

- Pest information has been provided to NZ MAF for the Pest Risk Analysis (PRA) being conducted for the import of island cabbage from Fiji and Cook Islands.
- Technical support has been provided to Niue for the PRA being conducted for the export of plantain and cured vanilla exports to NZ.
- Technical assistance has been provided to Fiji and Kiribati relating to the export of root crops and fresh fruits and vegetables from Rotuma to Kiribati.
- Advice has been provided to Papua New Guinea (PNG) and the Solomon Islands on fresh produce imports from PNG into Solomon Islands.
- Support has been provided for the audit and inspection of copra processing facilities in Majuro as part of the AQIS desktop evaluation.
- Discussions have been held with Fiji, Solomon Islands and Kiribati quarantine agencies on development of the biosecurity information facility (BIF).
- A country visit has been conducted to Niue to help develop the BIF

### ***International Engagement***

- Participation in the 23<sup>rd</sup> RPPO Technical Consultation in Vietnam (29 August – 2 September).
- Organisation of and participation in the Pacific Island Countries (PICs) Consultation Workshop on draft ISPMs in Fiji (5–9 September).
- Participation in the International Plant Protection Meeting in Hawaii (8–12 August).

### ***MA-Related Surveillance and Reporting***

- Ongoing support provided to update and report PIC's animal health information.
- Technical assistance and equipment provided to Tuvalu for fruit fly surveillance.

## **2.4 Program Management and Coordination**

- During the quarter, the 2011/12 ASP (Milestone 8), the Jan-June Six-Month Progress Report (Milestone 9), and the April-June Quarterly Exception Report (QER) have all been completed on schedule and approved by AusAID.
- The first meeting of the PCC was held in Suva on 15 July 2011. The 2011/12 ASP was reviewed and endorsed by the meeting, without change.
- Following a number of delays, the Monitoring, Evaluation, Reporting and Improvement (MERI) Implementation Plan was finally completed in mid-August. AusAID has provided written comments on the draft, which the Program is currently in the process of addressing.
- Set-up of PMO and Country Office facilities has been completed, and establishment of key operating systems further consolidated.
- A one-week Induction Course for the NMACs was held in Suva from July 4–9. Formal assessment by participants at the end of the week indicated the course was very well received, not just for the formal training content but especially for its team building aspects and the opportunity for the NMACs to interact with one another in-person and share country experiences.
- The NMACs end-of-probation assessments have been completed. All NMAC appointments have been confirmed. End-of-probation assessments for administrative staff are currently underway.



- AusAID (and where there is interest, Department of Foreign Affairs and Trade) country staff are being routinely briefed on MA priorities identified for each country and the nature and progress of PHAMA activities to address these issues.
- Communication and coordination between the PMO, the NMACs, the MAWGs, National Plant Protection Organisations (NPPOs) and private sector partners continues to strengthen.
- PMO staff have on-going engagement with staff from other projects and programs to publicise what PHAMA has to offer and to investigate the development of cross-program linkages.
- Routine coordination meetings (wherever possible weekly, depending on duty travel schedules) are being held between the PHAMA PMO Team and BATS staff (responsible for Component 4 implementation).
- Highly successful Program 'launches' have been completed in all countries. The last two of these were held in Fiji (July 15) and Vanuatu (September 9), officiated by government Ministers and the Australian High Commissioner/ Acting High Commissioners. All launches have attracted considerable media coverage.
- PHAMA was selected to participate in AusAID's 'gender stock-take' of rural development programs. Feedback provided by the assessment panel indicated a generally high level of satisfaction with the Program's understanding of gender equality issues and more specifically with the way in which these issues are being addressed at an operational level.
- Basic promotional materials have been developed (brochure/ banners/ signage/ press releases etc). Work on development of the PHAMA website is in the planning stages.

## Action Items

### 3.1 Additional/ Refined Workplan Activities

One new MA activity is proposed for approval through the mechanism of this QER (section 3.1.1). It is also proposed that two activities already approved in the 2011/12 ASP be refined in scope to take into account the result of initial investigations (sections 3.1.2 and 3.1.3).

#### 3.1.1 Underwriting of Additional Tonga-NZ Shipping Services for Water Melon Exports (TONGA08 – New Activity)

The market for Tonga water melons in the Auckland region is conservatively estimated at around 1,000 MT per annum worth NZD 1.6m CNF. Trial shipments totalling around 100 MT were exported in late 2010. Results were sufficiently promising to encourage growers to plant substantially increased areas in the 2011 season.

Development of this new market has been seriously compromised by the withdrawal of the Polynesian Shipping charter vessel *MV Ratstor* from the Tonga-Auckland service in March this year. These changes have reduced the service to Auckland to a 15 day cycle, resulting in 'dead zones' (or export harvest gaps) during which product must be diverted to the local market achieving, at best, breakeven returns. A more frequent service is essential in order to allow a continuous schedule of production, harvesting and exports over the peak season (end Sept to mid Dec) if this promising trade is to develop to its potential.

The proposed activity would underwrite the cost of providing a more frequent shipping service from Tonga to Auckland in order to improve the viability of the emerging water melon export trade while freight volumes build. It would be limited to supporting up to 3 additional port visits during the 2011 export season (at a maximum total cost of around USD 75,000), and possibly an additional 6 visits during the 2012 season, subject to performance of the initial pilot.

A funding model that involves cost-sharing between the New Zealand Aid Programme (NZAP), Tonga Government and Industry partners, and PHAMA is currently being developed. PHAMA's maximum exposure would be one-third of the total cost, less freight revenues recovered which would be refunded to the underwriters in the same proportion as their exposure. Note that the activity is strongly linked to other work being supported under PHAMA addressing various quarantine and non-quarantine issues associated with developing this export pathway.

A detailed Activity Summary sheet is provided in Appendix D.

#### 3.1.2 Re-establishment of Taro Exports from Samoa to NZ (SAMOA03 – Refined Activity)

Activity SAMOA03, approved as part of the 2011/12 ASP, was designed to assist with the promotion in NZ of the three new varieties of taro already released by Samoa MAFFF that are Taro Leaf Blight (TLB) tolerant, as an integral part of re-establishing exports to NZ following the closure of this export pathway after TLB was first discovered in Samoa in the 1990s. The scope of the assignment as originally planned was to develop a market promotion campaign and to then assist with the implementation and evaluation of this campaign.

Initial consultations with importers, distributors and Pacific Trade and Invest (arm of Pacific Island Forum) in NZ by the STA mobilised to undertake the activity<sup>4</sup> indicate that lack of consumer awareness and acceptance of the new varieties, and hence the need for promotion, is just one part of a much broader set of supply chain issues affecting re-establishment of this export trade. Other, and potentially far more important issues than market promotion include Samoa's capacity to organise a consistent supply of homogeneous (preferably single variety) product; product quality (including collection/ handling procedures prior to export); selection and organisation of the distribution network in Auckland; etc.

Further complicating the issue, Samoa MAFFF has recently advised that it is in the final stages of developing and releasing additional TLB-resistant varieties, which may have better market potential than the 3 varieties that were to be promoted under SAMOA03 as originally designed. Consumer preference trials for these additional new varieties are to be conducted as part of an (Australian Centre for International Agricultural Research) ACIAR/ Pacific Agricultural Research and Development Initiative (PARDI)<sup>5</sup> project in around 12 months' time, as soon as a sufficient volume of material is available for testing. It would be premature to engage in promotional work until these trials have been completed.

Activity SAMOA03 has therefore been refocussed to undertake a much broader assessment of the development constraints at both the Samoa and Auckland end of the supply chain, and to formulate a market development strategy (one part of which relates to promotion) that provides a clear roadmap for re-entering this market.

Revised tasks include:

1. Review the size, indicative returns, variety preferences, required quality standards, market structure and current distribution channels associated with the fresh taro market in the NZ market.
2. Identify Samoa's main competition in re-entering this market and the strength of this competition. Identify any market niches that may be available for Samoan product.
3. Document problems associated with Samoa's initial trial shipments to NZ.
4. Review supply-side constraints associated with re-establishing taro exports from Samoa, including volumes available for export (by variety); consistency of supply; product quality; local transport, grading/ packing, packaging constraints and requirements etc.
5. Prepare a market development strategy, including preferred sourcing arrangements; collection, packing and export arrangements; quality standards and quality control procedures; import/ distribution arrangements; product promotion; phasing of trial shipments etc. This strategy should be costed with roles and responsibilities for implementation clearly defined and agreed.
6. Oversight implementation of the development strategy for initial trial shipments.
7. Provide routine updates to the Samoa MAWG on development and implementation of the strategy.

### **3.1.3 Development of a 'Winter Window' Submission for Export of Water Melon to NZ (TONGA04 – Refined Activity)**

Activity TONGA04, approved as part of the 2011/12 ASP, was originally designed to develop a submission on a 'winter window' approach to managing fruit flies on water melon (and possibly other) exports to NZ.

<sup>4</sup> Bruce Shepherd, who has spent 3 days of the scheduled 15 days on Stage 1 of the Activity to date.

<sup>5</sup> Developing a clean-seed system for market-ready taro cultivars in Samoa (PARDI/2011/004)

The review of the existing water melon export pathway (TONGA03) found that there are substantial areas within the existing export pathway that require improvement to meet current NZ MAF requirements. It is clear that the implementation of a 'winter window' systems approach, which would require stringent in-field measures and sound phytosanitary compliance, is unlikely to be feasible at this stage. Further, initial inspection of historical reference material for the 'winter window' approach revealed that work has already been conducted on the non-host status of water melon for fruit flies. This early work suggests that a systems approach based on non-host status rather than 'winter window' should be possible, and would possibly be an easier way forwards. This slightly altered approach would also mean that exports could take place under a systems approach for the entire export season (based on non-host status) rather than just during the cooler winter months ('winter window').

As a result of these findings from TONGA03 together with initial investigations completed under TONGA04, the scope of TONGA04 has been refocussed to firstly strengthen the integrity of the existing export pathway and to then use this pathway as the basis for developing a systems approach for fruit fly management based on non-host status, rather than a winter window approach as originally proposed.

Revised tasks include:

1. Develop an implementation plan to improve the existing export pathway based on recommendations provided under TONGA03, with identified roles, responsibilities and timelines.
2. Provide project oversight and technical input during the planning and delivery of improvements to the existing export protocol.
3. Provide oversight and technical input for the conduct of research in Tonga to generate a data package to prove the efficacy of a systems approach based on non-host status for fruit flies for watermelon and other products (to be identified) for consideration by NZ MAF.

## 3.2 Other Issues

### 3.2.1 Government Support for the MAWG Process

In a few instances the interest and involvement of government MAWG representatives is possibly lessening. This is not entirely unexpected, falling in the gap between initial enthusiasm for the process and getting some concrete and visible 'runs on the board' to carry the enthusiasm forwards. This lessening interest is despite formal (and reasonably high-level) government endorsement of the MAWG process having been obtained and considerable PR work having been undertaken during the start-up phase. There are a number of possible factors at play, including: (i) inter-departmental rivalries; (ii) exposure of government officials to uncomfortable 'pressure' from the private sector through the MAWG process; and (iii) desire for remuneration in the form of 'sitting fees'<sup>6</sup>. At this point the issue is not affecting program operations, but needs to be actively managed nevertheless.

Possible management responses include: (i) reinvigorating direct contact with senior Ministry staff and relevant Government Ministers to continue to 'sell' the PHAMA story; (ii) promoting Program successes resulting from private sector/ public sector cooperation at every opportunity, and managing this publicity so that government looks good; (iii) ensuring that the MAWGs, NMACs and STAs operate in a manner that acknowledges and respects the statutory roles and functions of the NPPOs;

<sup>6</sup> At present MAWG members participate on a purely voluntary basis.

and (iv) instituting a system of honoraria (for private sector chairs) and sitting fees (for all members), in line with established practice in each country, to provide a measure of compensation for the considerable amount of time involved in MAWG work.

### 3.2.2 PMO Coordination/ Management Resources

Given the number of MA activities being implemented, and the number of countries, stakeholders and STAs involved, managing the workload in a manner that maintains both technical quality and essential communication processes will become an increasing challenge for the core LTA Team. As the workprogram expands further, increasingly strategic utilisation of LTA resources will be required.

Possible management responses include: (i) reduced direct participation by the PMAS and QBS in the quarterly MAWG meetings (e.g. move towards one rather than both LTAs attending at least some of these meetings); (ii) increased differentiation of LTA roles; (iii) use of STAs to help oversight larger and more complex activities (already happening for some activities e.g. VAN03); and (iv) direct management of some activities by the Team Leader (TL) (already happening for some activities).

It is likely that any future phase of PHAMA either in terms of technical or geographic scope will require additional LTA resources.

### 3.2.3 Communications with NZ MAF

Communication and coordination with BA and AQIS has been good, at both formal and informal levels. Communication channels with NZ MAF are less well developed. Given the volume of PHAMA work that relates to NZ market access issues, this needs to be addressed as a matter of urgency.

Management responses include: (i) seek further clarification from NZ MAF on formal communication channels and schedules; (ii) seek a commitment to structured, high-level dialogue at least twice per year<sup>7</sup>; (iii) place stronger emphasis on using NPPOs as a conduit to convey PHAMA-related issues to NZ MAF; (iv) pursue joint BA/AQIS/NZ MAF initiatives, such as Australian Fumigation Accreditation Scheme (AFAS), as a means of facilitating engagement; (v) actively seek co-financing opportunities on specified activities with NZAP, hence using Ministry of Foreign Affairs and Trade (MFAT) involvement to help facilitate the dialogue.

### 3.2.4 NMAC Performance

In general, all of the NMACs are performing satisfactorily at this early stage of implementation. However, as they grow into their roles, there is a need for them to become more proactive in identifying, backgrounding and screening possible MA issues for PHAMA support, and to apply their own judgement and skills during this process.

### 3.2.5 NMAC Coordination Meeting

The ASP prepared in June anticipated (and budgeted for) bringing the NMACs together for training/ professional development once during the 2011/12 year, for the Annual Planning Workshop to be held in Suva in May 2012. The Program Design Document (PDD) anticipated that the NMACs should be brought together at least twice per year, and this is reflected in the Scope of Services. On the back of the value derived by the NMACs in being able to interact as a group during the Induction Course held

<sup>7</sup> With operational staff, outside of the PCC process.

in Suva in July, and as signalled in the first 6-Month Progress Report, it is proposed that a second workshop be scheduled for early November.

Arrangements are progressing to hold this workshop in the Solomons in the same week as the fourth round MAWG meeting, allowing the NMACs to observe how the process is conducted in another country. This will be followed with 3 days of formal team building and development activities. The workshop will also be attended by the Monitoring and Evaluation Specialist, providing him with the opportunity to interact with the NMACs as a group in relation to implementation of MERI processes. Total incremental cost of holding this second workshop is around AUD 20,000.

### **3.2.6 Component 4 Performance**

Underperformance of Component 4 remains an ongoing issue, caused largely by staff recruitment and retainment issues. PHAMA PMO and BATS staff are making every effort to coordinate, but the overall situation is unlikely to improve significantly until such time as a full complement of Component 4 staff is in place, and they are being provided with clear strategic direction by SPC and BATS management.

Considerable improvement in this situation is anticipated over the coming quarter.

## Limitations

URS Corporation Pty Ltd (URS) has prepared this report in accordance with the usual care and thoroughness of the consulting profession for the use of AusAID and only those third parties who have been authorised in writing by URS to rely on the report. It is based on generally accepted practices and standards at the time it was prepared. No other warranty, expressed or implied, is made as to the professional advice included in this report. It is prepared in accordance with the scope of work and for the purpose outlined in the Contract dated 20 January 2011.

The methodology adopted and sources of information used by URS are outlined in this report. URS has made no independent verification of this information beyond the agreed scope of works and URS assumes no responsibility for any inaccuracies or omissions. No indications were found during our investigations that information contained in this report as provided to URS was false.

This report was prepared during September 2011 and is based on the conditions encountered and information reviewed at the time of preparation. URS disclaims responsibility for any changes that may have occurred after this time.

This report should be read in full. No responsibility is accepted for use of any part of this report in any other context or for any other purpose or by third parties.



## Appendix A

### Appendix A Implementation Progress: 2011–2012 ASP Activities

Activity Ref	Activity Title	Status as at 30 Sept 2010
FIJI03	Investigation of market acceptability of Fiji TLB- resistant taro varieties in Australia and/or NZ.	No action to date.
FIJI04	Clarification of the quarantine status of nematodes associated with taro imports.	No action to date. STA (Ruth Frampton) will be mobilised first quarter of 2012 to undertake initial investigations.
FIJI05	Development of and training on taro production and packhouse standards.	No action to date. STA (Bronwyn Wiseman) scheduled to be mobilised last quarter 2011, actual date under consideration by Biosecurity Authority Fiji (BAF).
FIJI06	Substantiation of Australia's requirement for devitalisation of taro imports.	No action to date. Mobilisation of STA will be dependent upon Biosecurity Australia finalisation of policy review for fresh taro imports and confirmation that devitalisation will still be required.
FIJI07	Scoping study to develop options for the management of a new fruit fly species on Rotuma and Vatoa Islands.	Ongoing. STA (Ruth Frampton) mobilised 7 August to undertake initial investigations. Second and final input scheduled for mid-October. Final report due 1 December.
FIJI08	Progression of new market access requests for papaya and breadfruit to the United States.	No action to date. STA (Gavin Edwards) scheduled to be mobilised last quarter 2011, actual date under consideration by Biosecurity Authority Fiji (BAF).
FIJI09	Feasibility studies on eggplant, chilli, breadfruit, jackfruit, gourd/s and pineapple exports to Australia.	No action to date. Scheduled for early 2012.
FIJI10	New market access submissions for products recommended under Activity FIJI09.	No action to date. Scheduled mid 2012 once feasibility studies (FIJI09) have been completed.
FIJI11	Eradication of <i>Bactrocera kirki</i> from Rotuma and Vatoa Islands.	No action to date. Commencement of activity dependent on recommendations from FIJI07.
FIJI12	Trials to confirm fruit fly non-host status for Polynesian plum (Wi).	No action to date. Wi fruit is available seasonally and trials will be conducted at the Koronivia research station, Suva, when fruit is available. This is anticipated to be in early 2012.
SAMOA02	Determination of the quarantine status of nematodes on Samoan taro exports to (linked to FIJI04).	No action to date. STA (Ruth Frampton) scheduled to be mobilised November 2011.

## Appendix A

Activity Ref	Activity Title	Status as at 30 Sept 2010
SAMOA03	Promotion of new Samoan taro varieties in NZ.	Ongoing. STA (Bruce Shepherd) mobilised Aug 22 to undertake initial investigations. Based on early findings, the activity has been broadened to investigate trade development constraints associated with the pathway in general, not just promotional aspects. Report due Oct 15.
SAMOA04	Assessment of the profitability of taro exports to Australia.	No action to date. Mobilisation dependent on finalisation of Biosecurity Australia policy review for fresh taro imports. This will determine if fresh taro imports will be permitted from Samoa into Australia.
SAMOA05	Development of an alternative to the 'area freedom' approach for managing TLB on exports of taro to Australia.	No action to date. Mobilisation of STA (Bronwyn Wiseman) will be dependent on results of SAMOA04 and the final Biosecurity Australia import policy for fresh taro.
SAMOA06	Development of a risk management measure for mites on organic banana exports to NZ.	On-going. STA (Bronwyn Wiseman) has had initial discussions with NZ MAF seeking mite interception data associated with Samoan bananas. STA will be mobilised to assist with disinfestation trials in Samoa at a date to be confirmed. Subject to initial investigations, further negotiations with NZ MAF are likely to occur during first quarter 2012. Final report due first quarter 2012.
SAMOA07	Development of a risk management measure for mites, mealy bugs and scales on lime exports to NZ.	On-going. STA (Bronwyn Wiseman) has had initial discussions with NZ MAF seeking mite, mealybug and scale interception data associated with Samoan limes. STA will be mobilised to assist with disinfestation trials in Samoa at a date to be confirmed. Subject to initial investigations, further negotiations with NZ MAF are likely to occur during first quarter 2012. Final report due first quarter 2012.
SAMOA08	Assistance with regulatory requirements associated with re-establishing beef and meat product exports to American Samoa.	No action to date. Establishment of (European Union [EU] funded) Samoan abattoir has been further delayed until mid-2012. STA (Dale Hamilton) will be mobilised when delivery date for abattoir has been finalised.
SAMOA09	Reaccreditation of copra meal export processing and handling facilities in Samoa.	No action to date.
SAMOA10	Export of personal consignments of heat-treated breadfruit to NZ.	On-going. STA (Bronwyn Wiseman) has had initial discussions with NZ MAF and Biosecurity Australia regarding the requirements of each quarantine authority to accept personal consignments of cooked breadfruit from Samoa. STA will mobilise to Samoa 23 October to assist with initial cooking trials and inspection of proposed cooking facilities.
SOLS03	Implementation of the Australian Fumigation Accreditation Scheme (AFAS).	On-going. PMAS has had initial discussions with AQIS Overseas Development team and a proposal for implementation of AFAS is under development. PMAS to visit Canberra for further discussions on this and other activities 11 October.
SOLS04	Review of the potential for cut flower and foliage exports to Australia.	No action to date. STA (Grant Vinning) scheduled to be mobilised Oct 13. Report due Dec 20.

## Appendix A

Activity Ref	Activity Title	Status as at 30 Sept 2010
SOLS05	Reaccreditation of copra meal and PKE export processing and handling facilities in Solomon Islands.	On-going. STA (Dale Hamilton) was mobilised under 'emergency measures' response in May. Copra meal and palm kernel expeller processors have been engaged and requirements for AQIS re-accreditation communicated to them by STA. Submission requesting an AQIS accreditation visit to processing facilities is under development. Waiting for indication from AQIS regards availability of officers to visit facilities.
SOLS06	Development of national quality standards for the production and testing of cocoa to meet international market requirements.	No action to date. Clarification from the Pacific Agribusiness Research and Development Initiative (PARDI) and the Cocoa Livelihoods Investment Program (CLIP) on the nature and timing of PHAMA input is required before mobilisation of STA (Dale Hamilton).
SOLS07	Scoping study to determine the viability of fresh F&V exports from the Solomon Islands to nearby PICs including Kiribati, Nauru, and Marshall Islands.	No action to date. Scheduled for first quarter 2012.
TONGA03 (i)	Review of the watermelon export pathway to NZ, including the delivery of fumigation prior to export.	Completed. STA (Gavin Edwards) mobilised on 4 August to conduct review of Tonga water melon export pathway. Draft report (TR 11) presented to Tonga MAWG (and accepted by Tonga MAWG) on 15 September.
TONGA03 (ii)	Review of the watermelon pathway to NZ, including the delivery of fumigation prior to export.	Completed. STA (Stephen Day) mobilised on 5 August to conduct review of fumigation facility associated with Tonga water melon export pathway. Findings incorporated into TR 11 and presented to Tonga MAWG (and accepted by Tonga MAWG) on 15 September.
TONGA04	Development of a submission on a 'winter window' approach to managing fruit flies on watermelon (and possibly other) exports to NZ.	On-going. STA (Gavin Edwards) mobilised on 23 September to consult with Tonga MAWG and develop an implementation plan to address findings as a result of TONGA03. Note - the scope of this activity amended in light of findings from TONGA03. TONGA04 now will focus on improving the existing water melon export pathway with the view to developing a systems approach based upon non host status rather than winter window.
TONGA05	Development of a 'new access' submission for the export of zucchinis and selected other crops (to be identified) to NZ.	No action to date. Tonga MAWG to advise on selected other crops. STA (Ruth Frampton) will be mobilised when advice received.
TONGA06	Purchase of generator/s as back-up power for Tonga's fumigation facility.	On-going. Tender process underway. Bids received and evaluated. All bids well in excess of budget. Currently in negotiation with shortlisted bidders to define cost reduction options. Also investigating co-financing by Govt.
TONGA07	Facilitation of meetings to investigate Tonga-sea freight issues.	Completed. Has resulted in proposal for new Activity (TONGA08) which involves joint underwriting by Govt, Industry, NZAP and PHAMA of an improved shipping service while freight volumes build.
VAN03	Establishment of diagnostic services for value-added products.	On-going. STA (Bronwyn Wiseman) mobilised on 28 August to NZ to discuss activity requirements with potential diagnostic service providers. Additional information exchange with potential service providers ongoing. Next step is for potential service providers to provide costed project proposals for service delivery. Costed proposals requested by December 20 2011.

## Appendix A

Activity Ref	Activity Title	Status as at 30 Sept 2010
VAN04	Development of Hazard and Critical Control Point (HACCP) Plans for key export industries.	On-going. STA (Bronwyn Wiseman) mobilised on 28 August to NZ to discuss activity requirements with potential diagnostic service providers. Additional information exchange with potential service providers ongoing. Next step is for potential service providers to provide costed project proposals for service delivery. Costed proposals requested by December 20 2011.
VAN05	Training of additional meat inspectors to certify beef export processing facilities.	On-going. STA (Bronwyn Wiseman) mobilised on 28 August to NZ to discuss activity requirements with potential diagnostic service providers. Additional information exchange with potential service providers ongoing. Next step is for potential service providers to provide costed project proposals for service delivery. Costed proposals requested by December 20 2011.
VAN06	Feasibility study on the establishment of a facility for drying fruits and vegetables for export.	No action to date. STA (Richard Beyer) scheduled to be mobilised mid Oct to investigate technical/ food processing aspects of the proposal. Report due mid Nov. Follow-on financial evaluation to be undertaken early 2012.
VAN07	Re-accreditation of BSE free status for Vanuatu beef to Australia.	On-going. STA (Dale Hamilton) mobilised in June to prepare re-accreditation documentation which was lodged with AQIS and FSANZ on June 30. Follow-up audit by AQIS likely to take place in early 2012 to complete the process.
REGIONAL01	Market access database development.	On-going. Preliminary scoping and data analysis completed by the QBS. Database Development Specialist scheduled to be mobilised in October to undertake pilot computer implementation.
REGIONAL03	Initiation of a regional strategy towards managing quarantine and MA issues.	On-going. PMAS has discussed concept with PHAMA quarantine heads and SPC. Strong support expressed for the concept. PMAS to consult with SPC to convene heads of quarantine to discuss Terms of Reference of group at next Pacific Plant Protection Organisation (PPPO) Executive Committee meeting in Nadi on 31 October. STA for regional co-ordinator position to be determined after 31 October meeting.
REGIONAL04	Funding for bilateral market access negotiations with trading partners.	No action to date. STA to be mobilised once REGIONAL03 operational.
REGIONAL05	Review of quarantine issues surrounding trade in handicraft products.	On-going. QBS has commenced consultations with handicraft producers and suppliers as part of the MAWG consultations in each country. Catalogue of materials used for develop of handicrafts to be developed as first step.

## Appendix B

### Appendix B Pipeline Activities

Activity Ref	Country	Activity Title
*TONGA08	Tonga	Partial underwriting of additional Tonga-NZ shipping services for water melon exports
VAN08	Vanuatu	Development of a proposal for the upgrading of export copra storage sheds on the Luganville/ Santo wharf
VAN09	Vanuatu	Development of a field guide on kava quality (covering production and post harvest aspects)
VAN10	Vanuatu	Determination of the disease status of honey bees with respect to foul-brood and Varoa mite
VAN11	Vanuatu	New market access submission for beef to South Korea

\* Activity proposed to commence during the next quarter, subject to AusAID approval.

## Appendix C

### Appendix C “Help Desk” Support Provided by the PMO in Response to Miscellaneous Market Access and Quarantine Enquiries

1. Jul 11; request by Samoan exporter for import conditions for vanilla into Australia (resolved – requirements communicated).
2. Aug 11; request by Samoa regarding frozen taro export conditions (resolved – requirements for Australia and NZ communicated).
3. Aug 11; request by vanilla exporter from Vanuatu regarding AQIS fees/inspection charges (information provided).
4. Aug 11; request from Samoan exporter to facilitate a consignment of honey from Samoa into NZ due to varying information by NZ shipping companies regarding NZs import conditions for honey (resolved – information provided).
5. Aug 11; request by BSG, Australia for information on coconut apple to establish import conditions into Australia (information provided).
6. Aug 11; clarification on import conditions for *Cordyline* spp. from Samoa into NZ and Australia (resolved – requirements communicated).
7. Aug 11; NZ importer request for frozen & chilled conditions of a herb based semi-processed product from Fiji into NZ and Australia (resolved – requirements for Australia and NZ communicated).
8. Aug 11; Provision of information sources to potential exporter regarding equipment etc (input provided).
9. Sep 11; Enquiry from Samoan exporter for frozen and dried foodstuffs into NZ (resolved – requirements communicated).

## Appendix D

## Appendix D New Market Access Activities (for Approval)

<b>Activity Ref:</b>	<b>TONGA08</b>
<b>Activity Title:</b>	<b>Underwriting of additional Tonga-NZ shipping services for water melon exports.</b>
<b>Country:</b>	Tonga.
<b>Status:</b>	New activity.
<b>Objective:</b>	To underwrite the cost of providing a more frequent shipping service from Tonga to Auckland in order to improve the viability of the emerging water melon export trade while freight volumes build.
<b>Background/ Justification:</b>	<p>The completion of the EU-funded fumigation chamber and post-harvest facility by Tonga MAFFF in August 2010 is designed to underpin a revival of the fresh export sector, with watermelon exports to NZ an initial focus product. The market for Tonga water melons in Auckland and the upper NI region is conservatively estimated to be around 1,000 MT per annum worth NZD 1.6m CNF. Trial shipments totalling around 100 MT were exported in late 2010. Results were sufficiently promising to encourage growers to plant substantially increased areas in the 2011 season.</p> <p>The feasibility of developing this new market has however been seriously compromised by the withdrawal of the Polynesian Shipping charter vessel <i>MV Ratstor</i> from the Tonga-Auckland in March this year. In further rationalisation moves announced in July, the Australia route (via Fiji) was also cancelled, making Auckland the hub for all shipments out of Tonga. These changes have reduced the service to Auckland to a 15 day cycle, resulting in 'dead zones' (or export harvest gaps) during which water melons must be diverted to the local market achieving, at best, breakeven returns. If the export trade is to increase to its potential, a more frequent service is essential in order to allowed a continuous schedule of production, harvesting and exports over the peak season (end Sept to mid Dec).</p>
<b>Scope of work:</b>	<p>One of the shipping lines still servicing Tonga has indicated that it is willing to provide an improved frequency of service over the peak export season, at a cost of around USD25,000 per visit (excluding port charges and handling costs). It is estimated that an additional 5–6 visits would be required to provide full coverage over the peak export season, at a total cost of USD 150,000. To cover this cost through freight charges, an additional 9–10 TEUs would need to be shipped per visit.</p> <p>However, there is a 'Catch 22': the shipping line will not increase the frequency of service until an increased demand has materialised in the form of confirmed bookings; and growers will not plant more crop until they are certain they have the frequency of service required to get it to market.</p> <p>The proposal is therefore to implement a trial that underwrites the cost of providing up to 3 additional visits during the peak of the 2011 season (October to December), providing growers with the certainty required to plan export production over this period. It is proposed that the cost of underwriting the improved service would be equally shared by NZAP, PHAMA and Tonga Government/ Industry. The split between Tonga Government and Industry is still to be determined and may include Government writing-off port handling charges. PHAMA's share would therefore be capped at 33% or USD8,250 per shipment. Any freight revenues recovered would be refunded to the underwriters in the same proportion as their exposure.</p> <p>It is estimated that for the visits to be underwritten in 2011, a freight loading of at least 4 containers per shipment (or 40%) should be achievable. This would translate to a total actual cost to the underwriters of USD15,000 per visit after freight charges have been recouped.</p> <p>The 3-visit trial would be reviewed at the end of the 2011 export season with the possibility of extending it to an additional 6 visits so as to provide full shipping coverage for the 2012 export season. It is expected that by the end of the 2012 season export volumes would have increased sufficiently for the improved shipping service to be maintained without the need for any underwriting.</p>
<b>Implementation arrangements:</b>	The underwriting trial would be managed by the Tonga NMAC with oversight from the Tonga MAWG. Funding (from all partners) would be channelled through a Trust Account, the joint signatories of which would be the NMAC and MAWG Chair.



## Appendix D

<b>Linkage with other projects:</b>	This activity builds on preliminary discussions coordinated by the Tonga NMAC to investigate Tonga-NZ seafreight issues (Activity TONGA07). It is also closely related to a range of other work being supported under PHAMA aimed at improving quarantine and non-quarantine aspects of the water melon export pathway (Activities TONGA03 and TONGA04); at improving the reliability of the fumigation facility (TONGA06); and at developing 'new access' submissions for the export of other vegetable products to NZ such as zucchinis.	
<b>Component relationship:</b>	Component 3: Research and development.	
<b>Cost estimate:</b>		
<b>Progress review:</b>	<b>Date</b>	<b>Summary of progress achieved</b>
	July-Aug 2011	Preliminary meetings held by Tonga NMAC with shipping lines to investigate options for increasing the frequency of service.
	Sept 2011	Proposal for a 2-visit underwriting trial developed and submitted to AusAID for funding approval



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