Sustainable socio-economic development in Tonga: challenges and responses

Fotukaehiko Valeli Fisi’iahi
University of Wollongong

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Sustainable Socio-Economic Development in Tonga: Challenges and Responses

A Thesis Submitted in Fulfilment of the Requirements for the Award of the Degree

of

DOCTOR OF PHILOSOPHY

from

UNIVERSITY OF WOLLONGONG

By

FOTUKAEHIKO VALELI FISI’IAHI
Master of Commerce, Australia
Bachelor of Arts, Australia

School of Economics and Information Systems

2006
Declaration

I, Fotukaehiko Valeli Fisi‘iahi, declare that this thesis, submitted in fulfilment of the requirements for the award of Doctor of Philosophy, in the School of Economics and Information Systems, University of Wollongong, is wholly my own work, unless otherwise referenced or acknowledged. The document has not been submitted for qualifications at any other academic institution.

........................................
Fotukaehiko Valeli Fisi‘iahi

2nd November, 2006
DEDICATION

IN MEMORY OF MY LOVING PARENTS

‘AISEA VALELI FISI’IAHI

AND

HALAFETUIAKI FISI’IAHI

WHOSE ENCOURAGEMENTS INSPIRED ME TO EXCEL

“Na’a mou Ikuna ‘I he Ha?
Pea Nau Tali Mai
Ko e Ta’ata’a Ne Tafea
Ko e Ivi ‘o e Lami”

MAY YOU REST IN PEACE AS YOUR INSPIRATION IS NOW FULFILLED
Abstract

Achieving good progress towards sustainable socio-economic development is a major issue for all developing countries, but it presents special challenges for small island economies. Tonga, a small island kingdom in the Pacific, is no exception. While Tonga is blessed with many human and physical resources, its remoteness, small size, and uneven progress have hampered sustainable socio-economic development.

There are also internal attributes, which, while manageable, constrain the country’s socio-economic development. The thesis sought to provide answers to two important questions. Firstly, what has hindered or limited the sustainable socio-economic development of Tonga? Secondly, how can these challenges be addressed? These questions were identified in this thesis to be important, especially in light of the sluggish socio-economic performance of the Tongan economy in recent years.

In order to identify the most important factors, a comprehensive study of the barriers to entrepreneurship development in Tonga (published by Deacon Ritterbush in 1986) was reviewed, and compared with the barriers and problems that are still evident or recently identified in the 21st century.

Three important issues were found to have considerable impact on the process of sustainable socio-economic development in Tonga. Drawing on qualitative research methods, the prime issues investigated were ‘weak governance’ in family-run businesses and public enterprises, ‘market deficiencies’, and thirdly, the lack of an employment relations framework, and concomitant lack of ‘decent work’.

If Tonga is to reach its potential, commitment is needed from the Tongan government, as well as from Tongan citizens, to give priority to good governance, to reduce marketing problems, and to ensure wide availability of ‘decent work’ and effective employment relations legislation. This is not to undermine the policies already put in place by the government. Rather the findings of this thesis emphasise the importance of adopting appropriate and affordable policies and strategies in a coherent and timely manner for the benefit of the current and future generations of the people of Tonga.
ACKNOWLEDGEMENTS

It is my great pleasure and honour to acknowledge the assistance, support and encouragement offered to me during the process of this prolonged and seemingly endless research by many individuals and organisations in Tonga and abroad. Realising that words can only partially express my feelings and gratitude, it is their selfless contribution that has made this study possible.

I wish to convey my deepest sense of gratitude to my Principal Supervisor, Associate Professor Diana Kelly, to whom no words can fully express my appreciation for her continuous support and constant encouragement during the course of my educational pursuit. Her tireless efforts, constructive supervision and criticisms have played the most important role in the completion of this study. I owe her an immeasurable debt and it is impossible to fully convey the extent of her patient guidance and supervision throughout the preparation of this entire thesis.

I am also grateful for the support and encouragement provided by Associate Professor Edgar Wilson and Associate Professor Ann Hodgkinson through the duration of my research. Your valuable guidance and unselfish support has contributed to the success of this study. My heartfelt gratitude to Dr Lenore Lyons and CAPSTRANS for their financial support during the course of this study.

I would also like to express my appreciation to the examiners of a previous version of this thesis. Professor Vijay Naidu offered succinct and helpful advice which has assisted me greatly in improving the thesis. Professor John Connell also offered helpful ideas, especially with regard to directing me to the work of Deacon Ritterbush, and also suggesting the new structure of the thesis. Assistance from senior scholars such as these professors also provides benefits to the field of research overall.

I gratefully acknowledge the financial support provided by the Government of Tonga and the Australian Government, without which this study would not have been possible. I am deeply honoured to have been provided with the opportunity to undertake this study. I would also like to acknowledge Dr. Masassao Paunga, Paulo Kautoke and staff members of the Ministry of Labour, Commerce and Industries, for their valuable assistance in some aspects of this study. Special thank you goes out to all informants in Tonga, Auckland and Sydney who provided key information for this thesis. Your willingness to participate during the course of my fieldwork has provided this thesis with the richness of information much needed.

I would also like to express my gratitude and appreciation to Tamale and ‘Eseta, and the people of my dear village of Niutoua, for your prayers and encouragement during this restless doctoral endeavour. Special thanks to the Tongan Community in Wollongong, as well as Kava Clubs in Wollongong, Sydney, Hawaii and the United States of America, for their generosity and financial support which enabled the completion of this study. I acknowledge with very sincere gratitude the generous contribution by ‘Isileli and Liliana Fatafehi, Siaki and Salote Fekitoa, Simi Holasi and Litea Fifita, Moniti and Patisepa Fevaleaki, Paula Faa’ikea and Mele Kaliti, Alice Prescott and Dyan Ma’u, Matamoana and Meleane Tukunga, Fanakena and Lu’isa Puamau, Taani and Sulieti Lavaka, Kalaha and Manu Vehikite, and to all relatives and friends in Tonga and abroad whose names are not listed in this acknowledgement.
Thank you very much for your financial support, constant prayers and encouragement during this entire doctoral research. My heartfelt gratitude and appreciation to Keasi Tafea for your generous financial support and continuous encouragement during the time of my struggle. Your helping hands powered me to excel.

Many thanks to my sisters, Liliana, Kalisi, Heleine, Losa and Langiola, and my brothers Polonitelo, Paluki ‘Umutolu and Kuli-moe-‘Anga, and your respective families for your prayers and support that I needed in the face of adversity. I would also like to acknowledge the prayers and encouragement by Penisimani and Vaikakala Ma’u, as well as Rev. Siosifa Koloti Ma’u and their families, during the time of my struggle.

I wish to express my deepest and sincerest gratitude to my wife Maumi Ma’u Fisi’iahi for her prayers, support and encouragement during the entire course of this seemingly endless study. I owe her accumulating debts for her role in supporting our young family in Tonga and allowing me to concentrate on this study. Her supporting role enabled her to share my many frustrations as well as have a share in the rejoicings. To my sons, ‘Aisea and Jerry Bowman, and daughters Tupou Louveve Kulukulutea and Lupemotumanoa-he-Lotu Fisi’iahi, thank you for your prayers and encouragement during the course of my study. I hope that the completion of this study will one day remind you of why I was away during the times you needed me most.

Finally, I would like to express my gratitude to all those who, in one way or another, kindly assisted me during my research and preparation of this thesis. I feel indebted to many individuals who are impossible to acknowledge by name, but I would ask those whose names do not appear on this page to accept my sincere thanks for whatever role they played, which makes the completion of this study all the more worthwhile. Let me carry the flag of victory, but to GOD WITH GLORY for what he has done and his pivotal role in this seemingly endless educational pursuit.

Malo ‘Aupito mo e ‘Ofa Lahi Atu

Fotukaehiko Valeli Fisi’iahi
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### Glossary of Abbreviations and Acronyms

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<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
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<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AusAID</td>
<td>Australian Aid</td>
</tr>
<tr>
<td>CPD</td>
<td>Central Planning Department</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organisation</td>
</tr>
<tr>
<td>FITA</td>
<td>Friendly Islands Teachers’ Association</td>
</tr>
<tr>
<td>FITIB</td>
<td>Fiji Islands Trade and Investment Board</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>MAFF</td>
<td>Ministry of Agriculture, Fisheries and Food</td>
</tr>
<tr>
<td>MBF</td>
<td>Malaysia Borneo Finance</td>
</tr>
<tr>
<td>MOE</td>
<td>Ministry of Education</td>
</tr>
<tr>
<td>MOF</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>MLCI</td>
<td>Ministry of Labour, Commerce and Industries</td>
</tr>
<tr>
<td>MLSNR</td>
<td>Ministry of Land, Survey and Natural Resources</td>
</tr>
<tr>
<td>NGOs</td>
<td>Non-Government Organisation</td>
</tr>
<tr>
<td>NRBT</td>
<td>National Reserve Bank of Tonga</td>
</tr>
<tr>
<td>NZODA</td>
<td>New Zealand Overseas Development Assistance</td>
</tr>
<tr>
<td>PMO</td>
<td>Prime Minister’s Office</td>
</tr>
<tr>
<td>PICs</td>
<td>Pacific Island Countries</td>
</tr>
<tr>
<td>PIDP</td>
<td>Pacific Islands Development Program</td>
</tr>
<tr>
<td>PIFS</td>
<td>Pacific Islands Forum Secretariat</td>
</tr>
<tr>
<td>PSA</td>
<td>Public Servants’ Association</td>
</tr>
<tr>
<td>RCI</td>
<td>Royal Commission of Inquiry</td>
</tr>
<tr>
<td>RTA</td>
<td>Royal Tonga Airline</td>
</tr>
<tr>
<td>SKO</td>
<td>Si’i-Kae-Ola Enterprises</td>
</tr>
<tr>
<td>SIEs</td>
<td>Small Island Economics</td>
</tr>
<tr>
<td>SIC</td>
<td>Small Industries Centre</td>
</tr>
<tr>
<td>SPTO</td>
<td>South Pacific Tourism Organisation</td>
</tr>
<tr>
<td>TDB</td>
<td>Tonga Development Bank</td>
</tr>
<tr>
<td>TFHA</td>
<td>Tonga Family Health Association</td>
</tr>
<tr>
<td>TMDA</td>
<td>Tonga Medical Doctors’ Association</td>
</tr>
<tr>
<td>TNA</td>
<td>Tonga Nurses’ Association</td>
</tr>
<tr>
<td>TNYC</td>
<td>Tonga National Youth Council</td>
</tr>
<tr>
<td>TSD</td>
<td>Tonga Statistics Department</td>
</tr>
<tr>
<td>TVB</td>
<td>Tonga Visitors Bureau</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nation Development Program</td>
</tr>
<tr>
<td>UNFPA</td>
<td>United Nation Family Planning Association</td>
</tr>
<tr>
<td>USDS</td>
<td>United State Department of States</td>
</tr>
<tr>
<td>USP</td>
<td>University of the South Pacific</td>
</tr>
<tr>
<td>WBOT</td>
<td>Westpac Bank of Tonga</td>
</tr>
<tr>
<td>WSSD</td>
<td>World Summit on Sustainable Development</td>
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