Sustainable socio-economic development in Tonga: challenges and responses

Fotukaehiko Valeli Fisi'iahi

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Sustainable Socio-Economic Development in Tonga: Challenges and Responses

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UNIVERSITY OF WOLLONGONG

By

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Master of Commerce, Australia
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2006
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.

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Fotukaehiko Valeli Fisi'iahi

2\textsuperscript{nd} 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.
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Malo ‘Aupito mo e ‘Ofa Lahi Atu

_Fotukaehiko Valeli Fisi’iahi_
# TABLE OF CONTENTS

Title Page
Declaration
Dedication
Abstract ........................................................................................................... i
Acknowledgement........................................................................................ ii
Table of Contents ........................................................................................ iv
List of Tables and Figures ............................................................................. vi
Glossary of Abbreviations and Terms ......................................................... vii

INTRODUCTION
Introduction ...................................................................................................... 1
Organisation of Thesis ................................................................................... 2
Objective of Study ......................................................................................... 4
Overview of Research Problem .................................................................... 5
Significance of Study ...................................................................................... 7
Scope of Study ............................................................................................... 8
Limitations of Study ....................................................................................... 8
Concluding Remarks ...................................................................................... 9

CHAPTER 1: TONGA: OVERVIEW OF DEVELOPMENT ISSUES
Section 1.0: Introduction ............................................................................. 11
Section 1.1: Tonga in Context ..................................................................... 13
Section 1.2: Political Setting ........................................................................ 16
Section 1.3: Economic Development ............................................................ 18
Section 1.4: Social Development .................................................................. 25
Section 1.5: Environmental Development .................................................. 29
Section 1.6 Culture and Development ............................................................ 30
Section 1.7 Governments’ Strategic Plan for Socio-Economic Development ...... 33
Section 1.8 Chapter Summary ..................................................................... 33

CHAPTER 2: REVIEW OF LITERATURE: MAJOR SUSTAINABLE DEVELOPMENT CHALLENGES ISSUES
Section 2.0: Introduction ............................................................................. 35
Section 2.1: Organisation of Chapter ............................................................. 37
Section 2.2: Diverse Definitions of Sustainable Development ....................... 37
Section 2.3: Dynamics of Development in Pacific Island Countries .............. 43
Section 2.4: Sustainable Development: A Tongan Perspective .................... 49
Section 2.5: Challenges of Sustainable Development in Tonga .................... 53
Section 2.6: The Role of Government in Sustainable Development .............. 65
Section 2.7: Possible Contribution to the Literature ..................................... 66
Section 2.8: Limitation of Literature ............................................................... 67
Section 2.9: Chapter Summary ................................................................... 68

CHAPTER 3: RESEARCH METHODOLOGY
Section 3.0: Introduction ............................................................................. 70
Section 3.1: Overview of Methodology Literature ....................................... 72
Section 3.2: Selection of Methods ................................................................. 77
Section 3.3: Research Processes ................................................................... 78
Section 3.4: Data Collection .......................................................................... 81
Section 3.6: Sampling Detail .......................................................................... 85
Section 3.7: Fieldwork Problems .................................................................. 86
Section 3.8: Chapter Summary ................................................................... 87
### Glossary of Abbreviations and Acronyms

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