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2006

## 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 FISIP'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

2<sup>nd</sup> 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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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*

# 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

**CHAPTER 4: BARRIERS TO ENTREPRENEURSHIP IN TONGA: A TWENTY YEARS RE-EVALUATION (1986 – 2006)**

Section 4.0:	Introduction .....	89
Section 4.1:	Organisation of Chapter .....	91
Section 4.2:	Overview of Barriers Revealed by Ritterbush's Study in 1986.....	92
Section 4.3:	Overview of Key Policies Recommended by Ritterbush.....	103
Section 4.4:	Twenty Years Re-Evaluation of Barriers – 2006 .....	109
Section 4.5:	Role of Bureaucracy in Addressing the Barriers in the 21 <sup>st</sup> Century .....	123
Section 4.6:	Implications for Sustainable Socio-Economic Development in Tonga...	125
Section 4.7:	Chapter Summary.....	128

**CHAPTER 5: FACTORS AFFECTING FAMILY-RUN ENTERPRISE IN TONGA: A CASE STUDY OF THE SI'I-KAE-OLA ENTERPRISE**

Section 5.0:	Introduction .....	130
Section 5.1:	Organisation of Chapter .....	134
Section 5.2:	Historical Background .....	134
Section 5.3:	Status of Development of Si'i-Kae-Ola Enterprise .....	139
Section 5.4:	Factors Affecting Si'i-Kae-Ola Operations .....	140
Section 5.5:	Responses to Problems by Si'i-Kae-Ola Management.....	148
Section 5.6:	Implications for Sustainable Socio-Economic development in Tonga....	149
Section 5.7:	Chapter Summary .....	151

**CHAPTER 6: BARRIERS TO DEVELOPMENT OF PUBLIC ENTERPRISES IN TONGA: A CASE STUDY OF THE DEMISE OF THE ROYAL TONGA AIRLINES**

Section 6.0:	Introduction .....	153
Section 6.1:	Organisation of Chapter .....	155
Section 6.2:	Background History of Royal Tongan Airlines .....	156
Section 6.3:	The Management Setting.....	158
Section 6.4:	Business Strength of Royal Tongan Airlines .....	160
Section 6.5:	Factors Responsible for the Demise of the Royal Tongan Airlines.....	165
Section 6.6:	Management Responses to Problems.....	175
Section 6.7:	Implications for Sustainable Socio-Economic Development in Tonga..	176
Section 6.8:	Chapter Summary.....	178

**CHAPTER 7: BARRIERS TO DECENT WORK: A TONGAN LABOUR MARKET PERSPECTIVE**

Section 7.0:	Introduction .....	181
Section 7.1:	Organisation of Chapter .....	185
Section 7.2:	Overview of the Tongan Labour Market .....	186
Section 7.3:	Prolonged Absence of Labour Legislation: A Reality Check of the Role of Government in Promoting Decent Work .....	188
Section 7.4:	Lack of Appropriate Labour Legislations: A Barrier to Decent Work in the Tongan Labour Market? .....	193
Section 7.5:	Case Study: Civil Servants' Strike – A Cry for Decent Work .....	206
Section 7.6:	Implications for Sustainable Socio-Economic Development in Tonga...	212
Section 7.7:	Chapter summary.....	213

**CHAPTER 8: CONCLUSION AND POLICY RECOMMENDATIONS**

Section 8.0:	Introduction .....	216
Section 8.1:	Summary of Findings .....	217
Section 8.2:	Policy Recommendations for Sustainable Development in Tonga .....	224
Section 8.3:	Contribution of the Thesis .....	229
Section 8.4:	Direction for Further Study .....	230
Section 8.5:	Final Remarks .....	231
	Bibliography.....	232
	Appendix I .....	251

## 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