



**LOOKING  
TO THE  
FUTURE  
BUILDING  
ON THE  
PAST**

**KINGDOM OF TONGA**

**STRATEGIC DEVELOPMENT PLAN 8**

**STRATEGIC DEVELOPMENT PLAN EIGHT  
2006/07 – 2008/09**

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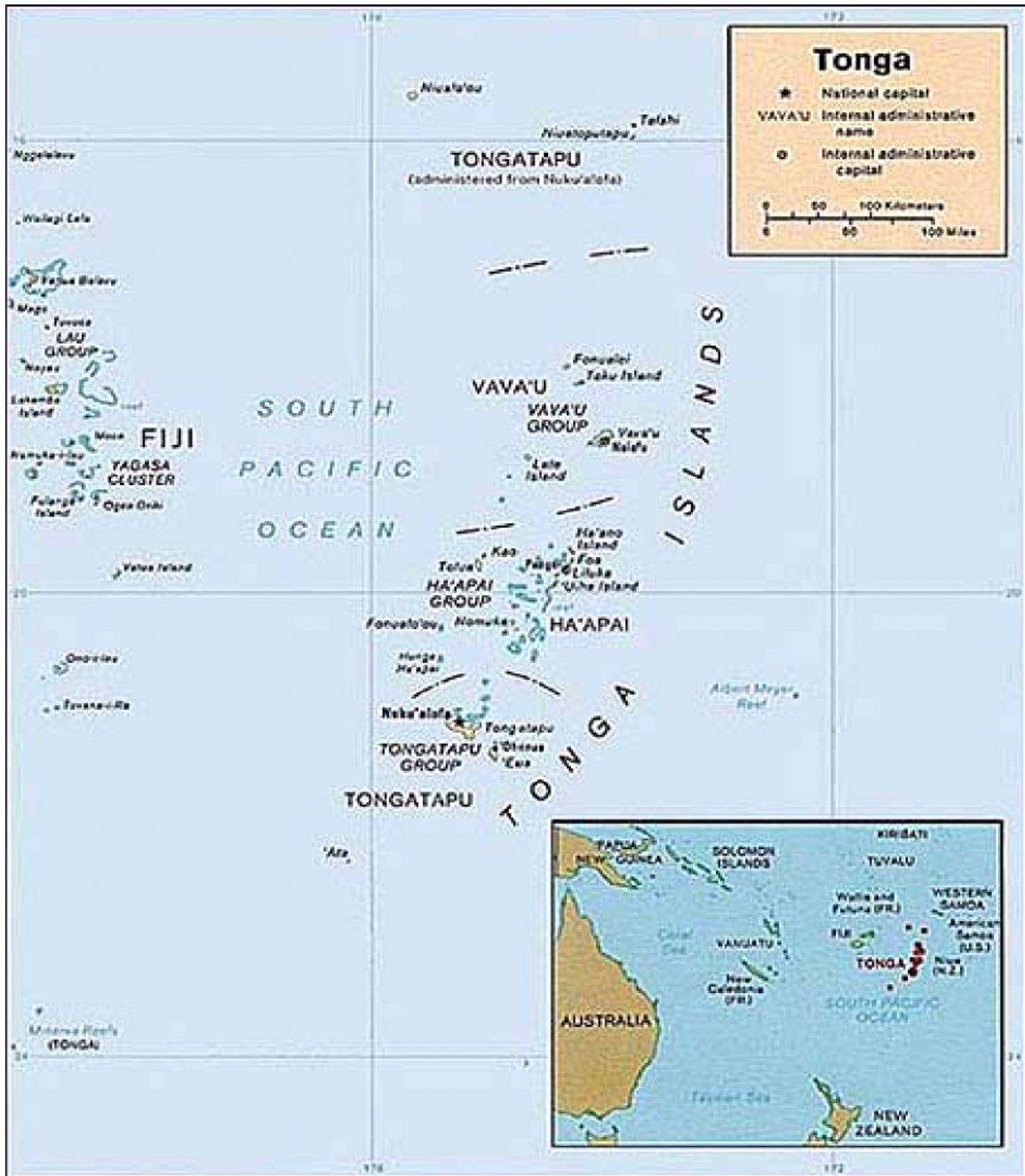
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# Map of Tonga



## Basic Information on Tonga

**Government:** Hereditary constitutional monarchy with a unicameral Legislative Assembly composed of 12 Cabinet members sitting ex officio, 9 representatives of 33 hereditary nobles, and 9 representatives elected by universal suffrage (21 years of age) for three-year terms. The Head of Government, the Prime Minister, is appointed by the monarch and serves at his pleasure.

**Constitution:** Established in 1875; revised in 1967.

**Legal system:** Acts of the Legislative Assembly; based on English law.

**Official languages:** Tongan, English.

**Judiciary:** Supreme Court (judges appointed by the monarch); Court of Appeal comprise of three (3) Judges and the Chief Justice of the Supreme Court; Magistrates' Court; Land Court.

**Land area:** 747 km<sup>2</sup> spread between 170 islands of volcanic and coral origin in four groups (see map on following page); 24% arable land.

**Exclusive Economic Zone:** 640,050 km<sup>2</sup>.

**Population** (2005 estimate): approximately 100,000 on 36 inhabited islands; over two-thirds in Tongatapu; about one-quarter in urban areas.

**Population growth rate:** approximately 2% per annum.

**Net migration rate:** 1.9-2.0% per annum.

**Gross Domestic Product** (2004/05): T\$455.9 million; US\$235.0 million.

**GDP composition** (2004/05): primary sector 25%; secondary sector 18%; tertiary sector 57%.

**GDP per capita** (2004/05): T\$4,560; US\$2,350.

**Remittances** (2004): 42.5% of GDP.

**Human Development Index** (2003): 0.810, placing Tonga 54<sup>th</sup> out of 177 countries, in the high human development group.

**Population below national basic needs poverty line** (2001): 23%.

## Abbreviations

ADB	-	Asian Development Bank
ASD	-	Alternative Services Delivery
AusAID	-	Australian Agency for International Development
CEDAW	-	Convention on Elimination of Discrimination Against Women
CIE	-	Cambridge International Examination
CPD	-	Central Planning Department
CRC	-	Convention on the Rights of the Child
CT	-	Consumption Tax
DOE	-	Department of Environment
EEZ	-	Exclusive Economic Zone
EIA	-	Environmental Impact Assessment
EPSRP	-	Economic and Public Sector Reform Programme
FADs	-	Fish Aggregating Devices
FEMP	-	Financial and Economic Management Programme
FIAS	-	Foreign Investment Advisory Service
FY	-	Fiscal Year Ending 30 June
GAD	-	Gender and Development
GDP	-	Gross Domestic Product
HDI	-	Human Development Index
HIES	-	Household Income and Expenditure Survey
HODs	-	Heads of Department
HPI	-	Human Poverty Index
ICT	-	Information and Communications Technology
IDA	-	International Development Association
IDIA	-	Industrial Development Incentives Act
IMF	-	International Monetary Fund
ISP	-	Internet Service Provider
MAFFF	-	Ministry of Agriculture and Food, Forests and Fisheries
MDGs	-	Millennium Development Goals
MEWAC	-	Ministry of Education, Women's Affairs and Culture
MFP	-	Ministry of Finance and Planning
MLCI	-	Ministry of Labour, Commerce and Industries
MOH	-	Ministry of Health
MOU	-	Memorandum of Understanding
NCDs	-	Non-Communicable Diseases
NER	-	Net Enrolment Ratio
NGOs	-	Non-Government Organisations
NRBT	-	National Reserve Bank of Tonga
NZAID	-	New Zealand Agency for International Development



## Abbreviations continued

ODS		Ozone Depleting Substances
PACER	-	Pacific Agreement on Closer Economic relations
PICTA	-	Pacific Island Countries Trade Agreement
PMO	-	Prime Minister's Office
POPs	-	Persistent Organic Pollutants
PSC	-	Public Service Commission
PSDP	-	Public Sector Development Programme
PSSC	-	Pacific Senior Secondary Certificate
RMS	-	Revenue Management System
SDP7	-	Strategic Development Plan 7
SDP8	-	Strategic Development Plan 8
SEE	-	Secondary Education Examination
SOPAC	-	South Pacific Applied Geoscience Commission
SPFSC	-	South Pacific Form Seven Certificate
SPREP	-	South Pacific Regional Environment Programme
SRA	-	Strategic Result Area
STI	-	Sexually Transmitted Infection
SWAp	-	Sector Wide Approach
TA	-	technical assistance
TCC	-	Tonga Communications Corporation
TDB	-	Tonga Development Bank
TESP	-	Tonga Education Support Program
TFP	-	Tonga Fisheries Project
TSC	-	Tonga School Certificate
TSGP	-	Tonga Schools Grants Program
TTB	-	Tonga Tourist Board
TVB	-	Tonga Visitors' Bureau
TWB	-	Tonga Water Board
UNDP	-	United Nations Development Programme
UNEP	-	United Nations Environment Programme
VFR	-	Visiting Friends and Relatives
WHO	-	World Health Organisation
WTO	-	World Trade Organisation
YCU	-	Youth and Culture Unit (MOE)

**Note**

All \$ signs refer to Tongan pa'anga unless otherwise stated.

## Minister's Foreword



*Strategic Development Plan Eight 2006/7-2008/9; Looking to the Future, Building on the Past* (SDP8) presents the Kingdom of Tonga's development vision, its medium-term national development goals, and the strategies for achieving these goals. It is a document that has been formulated by the Central Planning Department on the basis of a lengthy and extensive consultative process, which was strongly supported by technical and financial assistance from the Asian Development Bank (ADB) and financial assistance from AusAID and NZAID.

In June-December 2005, individual and group discussions were held with village communities and officers in each of Tonga's island groups, private sector organisations and individuals, civil society organisations including the churches, all government ministries, and public sector authorities and enterprises. On 1 December 2005, a preliminary report on the findings of community consultations was presented to a meeting of civil society organisations; and on 2 December, an outline of SDP8 goals and strategies was presented to a Development Partners' Meeting in Nuku'alofa. Throughout, electronic commentary was invited on SDP8's structure and content through the Prime Minister's Office website ([www.pmo.gov.to](http://www.pmo.gov.to)) and a new website ([www.tonga-now.to](http://www.tonga-now.to)).

A preliminary draft of SDP8 was prepared by 15 December, circulated widely for comment and presented at regional meetings in Vava'u and Ha'apai in late February 2006 and at a National SDP8 Summit in Nuku'alofa on 21-22 March 2006. The plan subsequently was revised on the basis of comments on the preliminary draft received from line ministries, civil society organisations and development partners.

SDP8 will serve to:

- Guide the formulation of the public sector's corporate and management plans and the annual budgets through which resources are allocated
- Inform the private sector and civil society of Government's policy intentions
- Provide the foundation on which Government can develop its external economic relations and aid donors can construct their country strategies and assistance programs

- Provide indicators by which Government's progress in policy/strategy implementation can be monitored and measured.

The successful implementation of SDP8 will require the efforts of Tongans in the communities, civil society organisations, and the private sector, and most particularly it requires committed efforts from the public servants charged with the task of improving public service delivery. Let us all work with renewed vigour to improve our economic and social wellbeing.



Siosia T. T. 'Utoikamanu  
Minister of Finance

## 1 Development Performance and Reforms

This chapter summarises Tonga's economic and social development performance since the early 1970s; reviews progress in the implementation of policy reforms presented in SDP7, 2001/02-2003/04 and the comprehensive Economic and Public Sector Reform Programme (EPSRP); and briefly reports on economic performance in the period June 2000-June 2006.

### 1.1 Overview of Economic and Social Development

Tonga has made substantial progress in human development since the mid-twentieth century. The United Nations Human Development Report for 2005 ranks Tonga 54<sup>th</sup> of 177 countries, using a Human Development Index (HDI) that measures life expectancy, knowledge and the standard of living on the basis of 2003 data.<sup>1</sup> This ranking places the country above all other Pacific Island countries and in the high human development category of countries and primarily reflects reasonably high levels of life expectancy (72.2 years) and educational achievement (a literacy rate of 98.9% and a gross enrolment ratio in all levels of education of 83%). Annual growth in real Gross Domestic Product (GDP) has averaged 1.5-2.0% over several decades and, given slow growth in the resident population, has translated into modest per capita growth in the 1-2% range. Nonetheless, Tonga's Gross Domestic Product per capita as measured for the HDI is only 27% of the average for the high development group of US\$25,665.<sup>2</sup>

Tonga has made "good and steady progress" towards the Millennium Development Goals (MDGs), as reported in *Tonga 1st National Status Report: Millennium Development Goals Today and Tomorrow* and summarised in Appendix 1.1. The country has the second lowest incidence of poverty amongst 15 Pacific Island countries, as measured by the Human Poverty Index (HPI) presented in *Pacific Human Development Report 1999*; and a 2003 participatory assessment of hardship reported that "Most people perceived an improvement in their situation" in the previous five years,<sup>3</sup> though this was not to deny the existence of some hardship (see below).

Tonga's long-term development achievements can be attributed to the combined impact of modest domestic economic growth, significant growth in remittances from Tongans working abroad, substantial foreign aid flows, the maintenance of relatively high levels of public expenditure on health and education, and the continued (though relatively diminished) contribution of

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<sup>1</sup> Tonga's HDI score is calculated as follows:  $HDI = 1/3(\text{life expectancy index}) + 1/3(\text{education index}) + 1/3(\text{GDP index} - \text{based on adjusted GDP per capita in purchasing power parity of US\$6,992}) = 1/3(0.79) + 1/3(0.93) + 1/3(0.71) = 0.810$ .

<sup>2</sup> The absence of gender-based data on income prevents a full comparison of male and female levels of development, but females' life expectancy and educational enrolment ratio slightly exceed those of males.

<sup>3</sup> Asian Development Bank 2004. *Priorities of the People; Hardship in Tonga*. Manila.

subsistence economic activity to meeting basic food and shelter needs. Aid and remittances have been important sources of fairly stable income, offsetting the high vulnerability of the economy to natural disasters, crop diseases and fluctuations in world markets.<sup>4</sup> The 2000/01 Household Income and Expenditure Survey (HIES) showed that remittances from overseas on average accounted for 20% of households' cash income and 14% of their cash plus non-cash income (mostly home-grown crops). A World Bank study showed that 90% of households received cash remittances in 2004, and that these averaged US\$3,067 per household and US\$753 per capita, supporting both consumption and investment in assets and education, as well as improving average incomes of the poorest households. Total remittances were equivalent to 42.5% of GDP.<sup>5</sup>

The HIES also revealed a degree of inequality in income distribution between households and geographic regions. Nationally, the 10% of households with the lowest income levels received just 1.6% of total household income, whereas the 10% of households with the highest income levels received 30.9%.<sup>6</sup> In the Outer Islands where approximately one-third of the population resided, there was a slightly lower degree of inequality in income distribution than in Tongatapu,<sup>7</sup> but average household income was notably lower (Figure 1.1).

In addition, the unemployment rate was 13.3% according to the 1996 Census of Population; youth unemployment was on the increase; and associated problems of rising crime and drug abuse were on the rise (Figure 1.2).

Calculations on the basis of HIES data suggested that in 2001 5% of families had expenditure levels below a Food Poverty Line of \$703 per head per year, and that 22% of families had expenditure levels below a Basic Needs Poverty Line of \$1,466 per head per year.<sup>8</sup> Inequality, unemployment and poverty were emerging issues confronting policymakers in 2000/01.

Another matter of increasing concern was environmental pollution from improper disposal of solid, chemical and medical waste, from pesticide and

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<sup>4</sup> An index of output volatility calculated by the Commonwealth Secretariat for 111 countries during the period 1980-92 placed Tonga as the fourth most volatile on the list, attributing this high volatility to economic exposure through a narrow export base (Atkins, J.P. and Mazzi, S. 1999. *Small States: A Composite Vulnerability Index*. Joint Commonwealth Secretariat/World Bank Task Force Conference on the Small States, St. Lucia, West Indies, 17-19 February 1999). Tonga suffered 16 natural disasters between 1950 and 2004, with economic losses averaging 14.2% of GDP during the disaster years (World Bank 2006. *Not if but when: Adapting to Natural Hazards in the Pacific Islands Region*. Washington, p. 2).

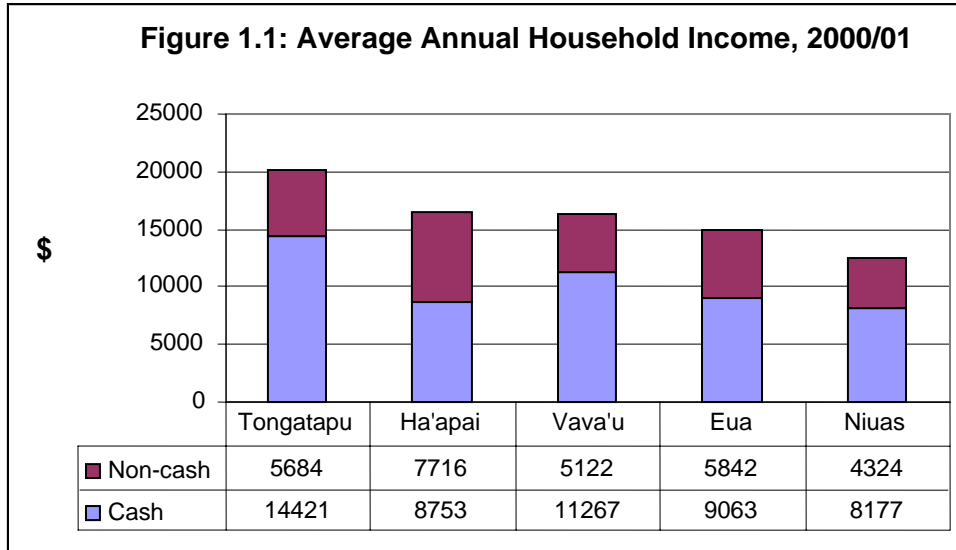
<sup>5</sup> World Bank Workshop, "Improving Development Outcomes in the Pacific Through Labor Mobility", Suva, November 2005.

<sup>6</sup> The national Gini coefficient was 0.42. This coefficient is a measure of inequality where 0 = perfect equality and 1 = absolute inequality (Asian Development Bank 2003. *Hardship and Poverty Status Discussion Paper*. Manila.)

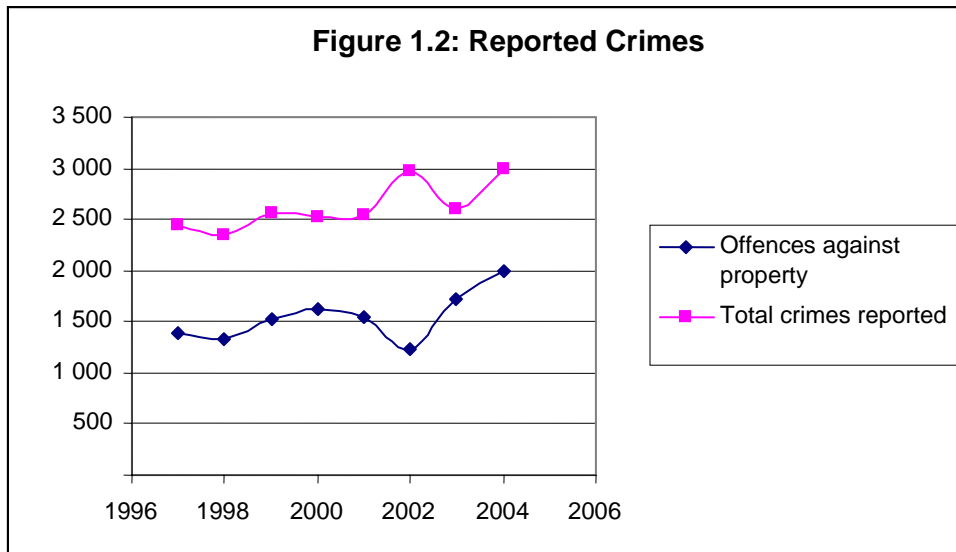
<sup>7</sup> The Gini coefficient for the Outer Islands was 0.39, compared with 0.41 for Nuku'alofa and 0.44 for the Rest of Tongatapu.

<sup>8</sup> Asian Development Bank 2003. *Hardship and Poverty Status Discussion Paper*. Manila, p.19.

fertilizer runoff into the groundwater lens and sea, from fossil fuel use and from random waste disposal by seagoing vessels. Overfishing of reefs and lagoons, soil and coastal erosion and loss of biodiversity were also problematic.



Source: Statistics Department 2002. *Household Income and Expenditure Survey*, p.7.



Source: Ministry of Police.

## 1.2 Economic and Public Sector Reforms in 2000-2005

Government's development goals and policies for the early years of the new millennium were presented first in *Strategic Development Plan 7, 2001-2004* (SDP7) and elaborated in the Economic and Public Sector Reform Programme

(EPSRP) formulated in late 2001. A development vision was also expressed in a Poverty Partnership Agreement between Government and the Asian Development Bank (ADB) signed in December 2002.

### 1.2.1 SDP7

SDP7 set out the long-term vision and guiding values for policy development, presented objectives, goals and targets, and elaborated policy guidelines for 11 Strategic Result Areas (SRAs) and the three priority sectors of agriculture, fisheries and tourism.

The priority objectives as listed were:

- Well educated and skilled labour force, and a healthy population
- Efficient, well structured state owned enterprises
- Sound and encouraging environment for the development and increased involvement of the private sector in economic activity
- Efficient and well structured government sector, with the qualities of good governance and accountability
- Well maintained physical infrastructure
- Prevent or minimise the degradation of the environment and misuse of resources
- Active participation of civil society organisations and the community in economic development
- Equitable distribution of development benefits
- Low crime and guaranteed national security
- Stable macro-economic environment.

The primary economic goal was to: “Build a dynamic and highly competitive economy driven mainly by the private sector and [supported by] an efficient public sector.” The associated target was to: “Achieve a steady rate of long term GDP growth in real terms of slightly above 5 percent.” Five of the SRAs focussed exclusively or mainly on the economic goal. As shown in section 1.3, performance fell well short of this target.

Eleven social goals were specified covering employment, education, health, social welfare (social safety nets and care for the aged and vulnerable) and environmental protection. The various social goals could be summed into the general goal of continuing to improve human development outcomes. The associated target was to: “Elevate Tonga to the High Human Development Category of the UNDP Global Human Development Index...before 2010.” As noted above, this was achieved in 2005. Six SRAs focussed on achieving social goals.



Government's development vision presented in the Poverty Partnership Agreement with ADB in late 2002 was as follows:

- The Government of Tonga desires sustained, sustainable and equitable economic growth and to provide its people with basic education, health and other basic services in an effective and efficient manner, thus ensuring an enhanced quality of life for all.
- The Government of Tonga aims to achieve better governance for effective policies, institutions and markets.
- The Government of Tonga wants to address the special needs of the least well-off, the more vulnerable, marginalised and disadvantaged groups in its society.

### **1.2.2 EPSRP**

EPSRP was supportive of SDP7 and focused on fiscal, public service, financial sector and private sector reform, as well as monitoring and mitigation of the impact of reforms in these areas. It was endorsed by Cabinet and commenced implementation in early 2002, with financial support for the fiscal, public service and social mitigation components from a US\$11 million ADB loan.

There were five particular concerns behind the formulation of EPSRP, as explained in *EPSRP: Basic Information* (Prime Minister's Office, April 2002). First, it was agreed that Government could not afford its existing pattern of expenditure. Second, it was agreed that too much of public spending went on wages and salaries instead of operations and investment. Third, it was felt that the economy was too dependent on aid and remittances. Fourth, there were too few opportunities for young people. Fifth, unemployment and inflation were on the rise, resulting in increased poverty.

EPSRP's objectives therefore were to:

- Achieve sustainable fiscal balance by strengthening public expenditure management, enhancing revenue generation and improving the efficiency and effectiveness of resource use in the public enterprise sector
- Improve public service delivery to the private sector and the general public by establishing the institutional framework for a performance oriented public service and promoting efficient and effective performance management
- Improve financial sector performance by improving the effectiveness of monetary policy and management and enhancing financial intermediation by the Tonga Development Bank (TDB)

- Facilitate private sector led growth by improving the legal and regulatory environment for local and foreign investment and by introducing and progressively implementing tax reform
- Mitigate the economic and social impact of the reform program by improving the quality of socioeconomic data production and dissemination and by establishing an Economic and Social Impact Monitoring Unit in CPD.

*EPSRP Objective 1: Achieve Sustainable Fiscal Balance*

The legislative framework for achievement of the fiscal sustainability objective was provided by passage of the Public Finance Management Act 2002, which was promulgated in mid-2003 and provides for greater control by the Ministry of Finance over budget execution, though in 2005 there was still a need to develop supporting regulations. The share of wages and salaries in current expenditure was reduced from 52.4% in 1999/2000 to 47.1% in 2004/05 through abolition of some vacant positions and imposition of a general hiring freeze. Supportive technical improvements were made through a transition from line item to programme budgeting and the introduction of computerised accounting and payroll systems, with 10 of 28 Ministries and Departments connected to the Ministry of Finance's automated accounting system by mid-2005. The backlog in preparing and presenting audited Public Accounts was overcome in 2005.

On the revenue side of public financial management, a tax reform package intended to reduce reliance on trade taxes was approved in January 2002. The package consisted of: (i) introduction of a broad-based single-rate consumption tax (CT) for large businesses (annual turnover above \$100,000); (ii) a simplified corporate income tax; (iii) a simplified personal income tax; (iv) a uniform customs duty rate; and (v) the repeal of tax incentives under the Industrial Development Incentives Act (IDIA) and their replacement by accelerated depreciation and investment allowances. The Revenue Services Administration Act 2002 provided the legislative framework for strengthening tax administration, several senior positions were filled and training provided with AusAID assistance. However, capacity constraints prevented the implementation of the full tax reform package as originally scheduled. Parliament ratified the CT in October 2003, and in April 2005 a 15% CT was introduced in place of the domestic sales tax and the port and services tax. The Revenue Department had been restructured in late 2004; and in 2005 tax and customs administration was strengthened through training and advisory support from AusAID and NZAID, creation of an anti-corruption task force and the extension of computerised systems. Drafts of the Customs Act and Regulations and the Income Tax Bill and Regulations were still to be passed.

The Public Enterprises Act 2002 provided the legislative framework for improved corporate governance in the public enterprise sector by requiring comprehensive statements of corporate intent, legalizing reporting requirements and requiring auditing of financial accounts. A policy framework and procedural manuals for public enterprise management and reform were prepared by the Public Enterprise Division of the Ministry of Finance; and some enterprises were reformed – the Tongatapu Machinery Pool and 'Eua Forestry were corporatised in 2003 and the Printing Department was corporatised in early 2005. An attempted privatisation of the Machinery Pool in 2004 failed due to lack of interested buyers. Corporatisation of the Post Office and Fua'motu Airport was expected in 2005/06; and privatisation of Leiola Duty Free, Sea Star Fishing and Tonga Investment Ltd remained in process. However, compliance with reporting requirements generally has been poor and progress with privatisation has been slow.

*EPSRP Objective 2: Improve Public Service Delivery*

The legislative framework for a performance oriented public service was established with the passage of the Public Service Act 2002. This provided for the creation of a Public Service Commission (PSC) in May 2003, which took responsibility for employment of public servants from Cabinet (though it should be noted that the Commission consisted of the Prime Minister and two Ministers). A Secretary to PSC was appointed on contract from mid-2004. The new legislation also provided for the devolution of personnel management from PSC to Heads of Departments and the introduction of performance orientation in the public service. Measures to introduce this orientation included:

- Preparation of *A Planning Guide for Corporate Plan and Annual Management Plan Development* (May 2003), which was approved by Cabinet and used in preparation of ministries' corporate plans 2004-2007
- Implementation of, and training in, a Human Resource Management Information System in mid-2003
- Employment of Heads of Department (HODs) on two-year contracts from 30 June 2004, with annual performance assessment of key results areas
- Approval in 2004 of a Public Service Code of Conduct and Disciplinary Procedures and drafting of a public service policy manual
- Approval in 2005 of a performance appraisal and assessment system for the whole public service
- Completion of job evaluation and grading of all posts in the public service, and the approval of a remuneration policy and three rounds of salaries

increases on the basis of a review by the Higher Salaries Review Committee.

This last initiative was put on hold for two years as part of a memorandum of understanding that ended a public servant strike in the third quarter of 2005 (see section 1.4).

*EPSRP Objective 3: Improve Financial Sector Performance*

Some progress was made in achieving the third main EPSRP objective of improving financial sector performance. The Money Laundering and Proceeds of Crime Act 2000 provided the legislative framework for combating money laundering and terrorist financing, with the National Reserve Bank of Tonga (NRBT) appointed as the Transaction Reporting Authority. Early in 2004, an amendment to the Criminal Offences Act was passed that criminalized the financing of terrorism. Additionally, the new Financial Institutions Act 2004 became effective from 3 October 2005, replacing a 1991 Act. The main purpose of the Act is to strengthen the financial sector by bringing the licensing and supervision of licensed financial institutions in Tonga into line with internationally accepted standards as expressed in the Basel Core Principles for Effective Banking Supervision, modern banking practice and banking law.

However, amendments to the NRBT Act — aimed at strengthening NRBT's capacity to conduct monetary policy and scheduled for passage in the 2005 Parliamentary session — were deferred to 2006.

A major restructuring of TDB began in the late 1990s and progressed in 2000-2004, improving the bank's financial and overall performance. TDB plays a crucial role in providing development finance and business advisory services to the productive sectors, personal loans, and loans assisting women in development and rural and outer island development.

*EPSRP Objective 4: Facilitate Private Sector Development*

Actions taken to improve the legal and regulatory environment for local and foreign investment included the passage of the Foreign Investment Act 2002 following technical assistance from the World Bank's Foreign Investment Advisory Service (FIAS). Supporting regulations had been drafted by late 2005, but were still to be presented for Cabinet approval. The Business Licenses Act 2002 provided for a streamlining of business licensing procedures; and a Trade and Investment bill was drafted in 2005 with the intention of establishing a Trade and Investment Board. Although it was of declining relevance due to tax and tariff reform and was destined for repeal, the Industrial Development Incentives Act 1978 (IDIA) remained in place. Tax and duty concessions granted by Development Licenses issued under IDIA totalled \$3.0 million in 2003/04 and an

estimated \$6.3 million in 2004/05, with utilities being the major beneficiary (Table 1.1). The electricity sector also was exempted from customs duty on fuel, in order to lower production cost and, ultimately, prices for consumers.

Progress in implementing tax reform was discussed above under fiscal sustainability. Government commitment to trade liberalization and trade facilitations continued, with the signing of the Pacific Island Countries Trade Agreement (PICTA), which aims to create a regional free trade zone within ten years, and of the Pacific Agreement on Closer Economic Relations (PACER), which aims to liberalize trade with Australia and New Zealand. Tonga's accession to the World Trade Organisation (WTO) and negotiations with the European Union on a new trade arrangement under the Economic Partnership Agreement remained in process in 2005. Legislation passed in 2002 in compliance with WTO accession requirements included the Protection Against Unfair Competition Act, which complements the Consumer Protection Act 2000 and covers trademarks, product misrepresentation and misleading advertising; the Protection of Geographical Indications Act, which prevents product imitation; and the Protection of Layout Designs (Topographies) of Integrated Circuit Act, which provides protection for layout designers.

**Table 1.1: Tax Expenditure**

Tax Expenditure by Type	2003/04		Nine months to Mar 2004-05		Extrapolated for 2004/05 \$m
	\$m	% of Total	\$m	% of Total	
<b>Development License</b>	<b>2.98</b>	<b>36.4%</b>	<b>5.3562</b>	<b>45.2%</b>	<b>6.28</b>
Agriculture			0.064	0.5%	
Fishery			0.108	0.9%	
Tourism			0.444	3.7%	
Manufacturing			1.083	9.1%	
Utilities			2.450	20.7%	
Communication			1.047	8.8%	
Others			0.160	1.4%	
<b>Development Projects</b>	<b>1.67</b>	<b>20.4%</b>	<b>1.105</b>	<b>9.3%</b>	<b>1.27</b>
Tonga High School			0.659	5.6%	
Vaiola			0.198	1.7%	
Others			0.248	2.1%	
<b>Fuel</b>	<b>3.54</b>	<b>43.2%</b>	<b>5.398</b>	<b>45.5%</b>	<b>6.42</b>
Fishery	0.69	8.4%	0.552	4.7%	
Electricity	2.85	34.8%	3.962	33.4%	
Others			0.884	7.5%	
<b>Total Tax Expenditure</b>	<b>8.19</b>	<b>100.0%</b>	<b>11.8592</b>	<b>100.0%</b>	<b>13.97</b>

Source: Budget Statement for the Year Ending 30 June 2006. Budget Paper No.2 Fiscal Outlook.

In regard to SDP7's priority sectors for policy development, the main legislative changes were the introduction of the Agricultural Commodities Export Act 2002, the Fisheries Management Act 2002 and the Aquaculture Management Act 2003. The first of these acts provided for compulsory inspection of exports by Ministry of Agriculture officials. The Fisheries Management Act displaced a 1989 act and comprehensively covered fisheries conservation and

management for sustainable resource utilization. The Aquaculture Act provided for the environmentally responsible development of aquaculture.

Under existing legislation, sales of agricultural commodities remained free of income tax, except where a company structure was in place, in which case company tax was payable. Agricultural inputs continued to be free of import duty, and in June 2005 were exempted from consumption tax and subject to a zero rate. Tax expenditure allowed under Development Licenses is shown in Table 1.1.

The Ministry of Agriculture, Food and Forestry reviewed its organizational structure and decided to refocus on the core functions of research and extension, market information, regulation and quarantine. An Institutional Strengthening Program aimed at improving service delivery in these core areas, while the Ministry withdrew from commercial activities such as 'Eua Forestry and the Machinery Pool. This reorientation was encapsulated by the Ministry's provision of the initial research, extension and development inputs for the fledgling coffee industry, before transferring the activity to the private sector for full commercial development. Notable projects included the recommissioning of the High Temperature Forced Air facility at Fua'amotu Airport, which will allow the export of breadfruit, tomatoes, capsicum, eggplant and pawpaw to New Zealand. The Government also invested in two blast freezers, which will preserve the quality of individual growers' root crops.

In 2005, a separate Ministry of Forestry was created, leaving a Ministry of Agriculture and Food. The combined budget allocation for these ministries in 2005/06 was \$5.3 million, or 3.0% of the total budget.

In the fisheries sector, individual producers are, like agricultural producers, exempt from income tax. Additionally, sector development was promoted by the establishment in February 2000 of a fuel concession scheme for fish exporters, which has been monitored by a fuel concession committee chaired by the Secretary for Fisheries. Table 1.1 shows the magnitude of the tax expenditures involved in recent years.

The Ministry of Fisheries focused on ensuring the sustainable development of fisheries. The Fisheries Management Act 2002 and the Aquaculture Act 2003 already have been mentioned, with both requiring drafting and approval of regulations before they can become effective. In June 2001 *the Tonga National Tuna Management and Development Plan* was released, the key objectives being sustainability of resource use and realization of benefits to Tonga from the exploitation of tuna resources. The Plan is managed and monitored by the Tuna Management Committee, which includes Government representatives, non-government organizations and private sector representatives. Throughout 2000-2005, the Ministry of Fisheries received substantial support through an AusAID-financed project, though

implementation was hampered by extended periods of senior staff vacancies. A specific project initiative that proved successful was promotion of seaweed export.

The 2005/06 budget allocated \$1.8 million to the Ministry of Fisheries, or 1.0% of the total budget.

In the tourism sector, income tax exemptions do not apply as they do in agriculture and fisheries; but some operators have successfully applied for a Development License, thereby gaining exemptions from import duties and income tax liability, including exemption from company tax. Table 1.1 shows the tax expenditure involved. The 2005/06 budget foreshadowed the abolition of the room tax.

The Tonga Visitors' Bureau (TVB), established under the Tourism Act 1976, continued to act in effect as a Ministry of Tourism, not only providing information to tourists and the overseas travel trade, but also dealing with functions such as licensing, sector monitoring, education, research, marketing and promotion and tourism policy development, as well as the management and maintenance of the Tonga National Centre and Queen Salote Memorial Hall. In 2000-2005, the primary focus was on recruiting appropriately qualified and experienced staff, upgrading the financial management system, standards enforcement and introduction of an accreditation system. TVB activities were supported by an AusAID-supported Tonga Tourism Project (focused on marketing and promotion), the Tourism Investment Advisory Project (Commonwealth Secretariat) and the NZAID-supported Nature Tourism Project (focused on eco-tourism opportunities in Vava'u and 'Eua).

The 2005/06 budget allocation to TVB was \$1.3 million, or 0.7% of the total budget.

#### *EPSRP Objective 5: Mitigate Economic and Social Impact*

Little progress was made in achieving the fifth EPSRP objective. An Economic and Social Impact Monitoring Unit was added to CPD's organisational structure but remained unstaffed. Improving the range, reliability and timeliness of statistics was still a major task to be achieved within significant capacity constraints, though a study of employment in the informal sector was completed in 2004. Timeliness and reliability of economic statistics in particular made policy analysis and formulation difficult.

Although it was not directly an EPSRP initiative, National Retirement Benefit Legislation was drafted that included the private sector, but was deferred by Parliament in 2004 pending further consultation. It is expected to be re-presented to Parliament in 2006.

### **1.2.3 Environmental Conservation**

Early in 2001, a new Department of Environment was created out of a division of the Ministry of Lands, Survey & Natural Resources, in order to coordinate the role of government in relation to all environmental management and decision making, monitor and report on the state of the environment, formulate environmental policy, act as executing agency for numerous international environmental agreements, and conduct environmental impact assessments of proposed development projects as specified in the Environmental Impact Assessment (EIA) Act 2003. Pursuant to this act, an Environmental Advisory Committee was established. An Environmental Management Bill, Ozone Depleting Substances Bill and Regulations, and a Biosafety Bill and Regulations were submitted to Crown Law Department in 2004. Other legislation of relevance to environmental management is shown in Appendix Table 1.2.

Projects initiated by the Department of Environment in the period to 2005 included the Climate Change Enabling Activity Project, the International Waters Project (integrated waste management), the Ozone Depleting Substances Project (implementation of the Montreal protocol on ozone-depleting substances), the Biosafety Project, the National Biodiversity Strategy Action Plan, the 'Eua Man and Biosphere Project, the Persistent Organic Pollutants Project, and the National Capacity Self Assessment Project.

Additionally, a Waste Management Act was passed in 2005 and a Waste Management Authority was approved by Cabinet to be responsible for the operation of the Tapuhia landfill on Tongatapu.

Financial resources available from Government to support the Department of Environment's activities have diminished during 2000-2005, limiting the capacity of the Department to perform its duty effectively. The 2005/06 budget was \$2.7 million – 15% coming from the Government budget and 85% from donors.

### **1.2.4 Summary**

In sum, reforms during the period 2000-2005 consisted primarily of putting in place the legislation needed to improve public financial management, implement public enterprise reform, create a performance-oriented public service and facilitate private sector development and environmental management. Formulation and application of legislation was delayed due to the limited capacity of the legislative processing system and, in some cases, slow preparation of supporting regulations; and law enforcement was subject to human and financial resource constraints. This underlined the fact that implementation of reforms is a long-term process of continuous efforts at improvement.

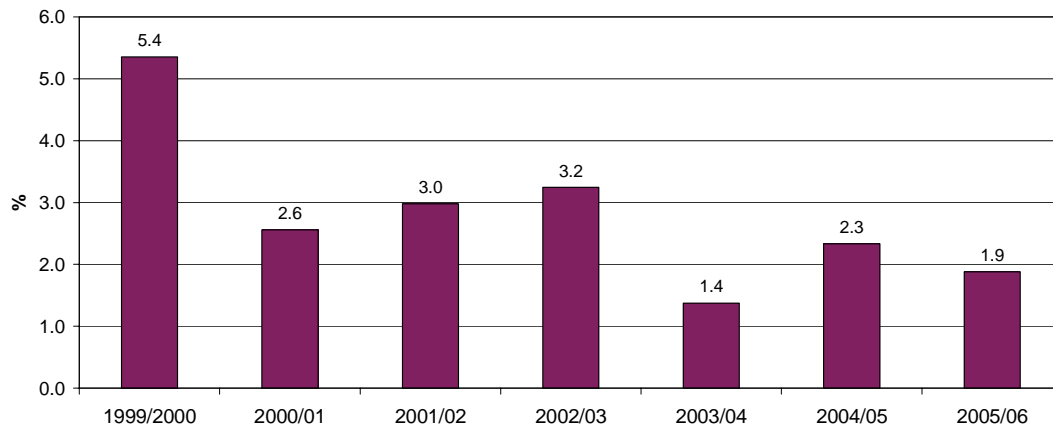


### 1.3 Economic Performance, 2000-2006

The economy's growth performance between the fiscal years ending 30 June 1999 and 30 June 2006 is summarised in Figure 1.3. Real GDP grew at a trend rate of 2.7% per annum from the 1998/99 level, largely because of a strong contribution from the tertiary sector, which accounted for 55% of GDP, and grew at 3.6%, with the commerce and transport and communications sub-sectors leading the way. The secondary sector, which accounted for 17% of total output, grew at 2.9% per year because of increased construction and associated quarrying, and expansion in the electricity and water sub-sector. The primary sector, which accounted for 28% of total output, grew at only 0.8% per year, though there was year-to-year variation in both agriculture and fisheries.<sup>9</sup> Real GDP per head in 2005/06 reached approximately \$3,060.

Growth occurred in an increasingly inflationary environment, with some moderation towards the end of the period (Figure 1.4). The acceleration in inflation from July 2000 to July 2003 primarily was driven by the effect on import prices of currency depreciation, while in 2003/04 high oil prices and increased taxes on tobacco and alcohol had a significant impact. High local food prices due to adverse weather were a major factor contributing to inflation in 2004/05, while in 2005/06 a public service wage rise added to upwards pressure on prices.

Figure 1.3: Real GDP Growth Rate

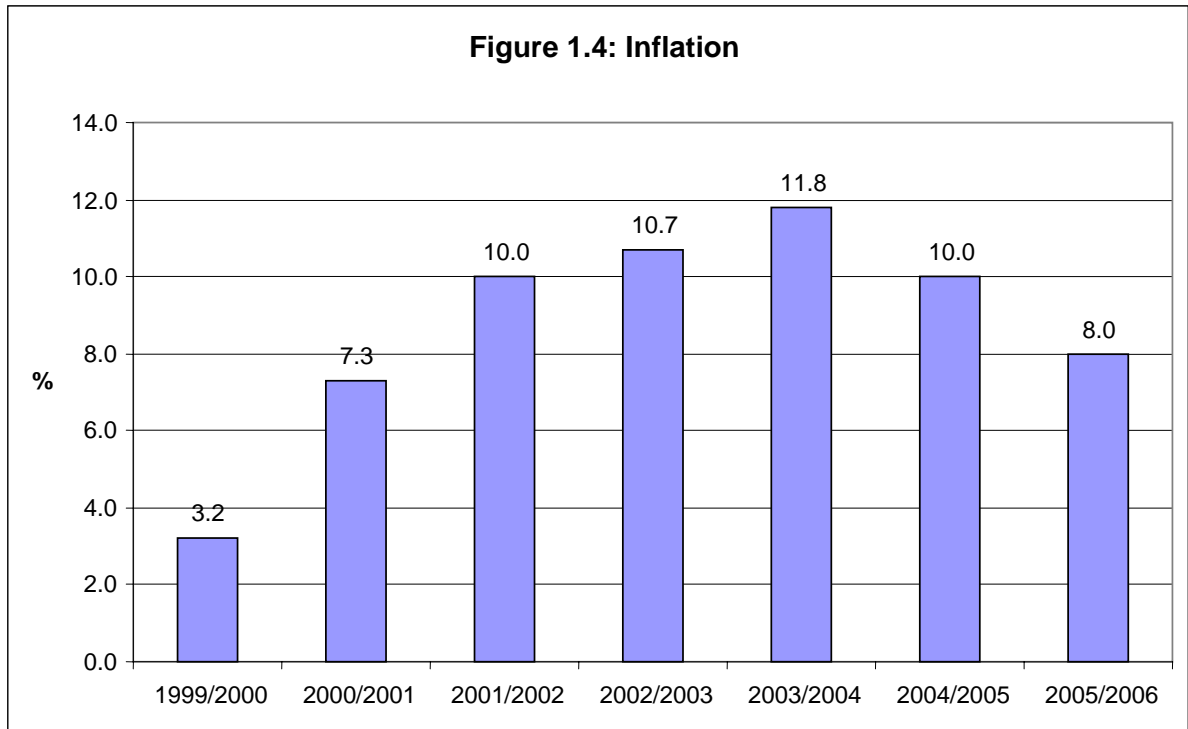


Sources: Statistics Department 1999/00-2003/04; Ministry of Finance and Planning estimates 2004/05-2005/06.

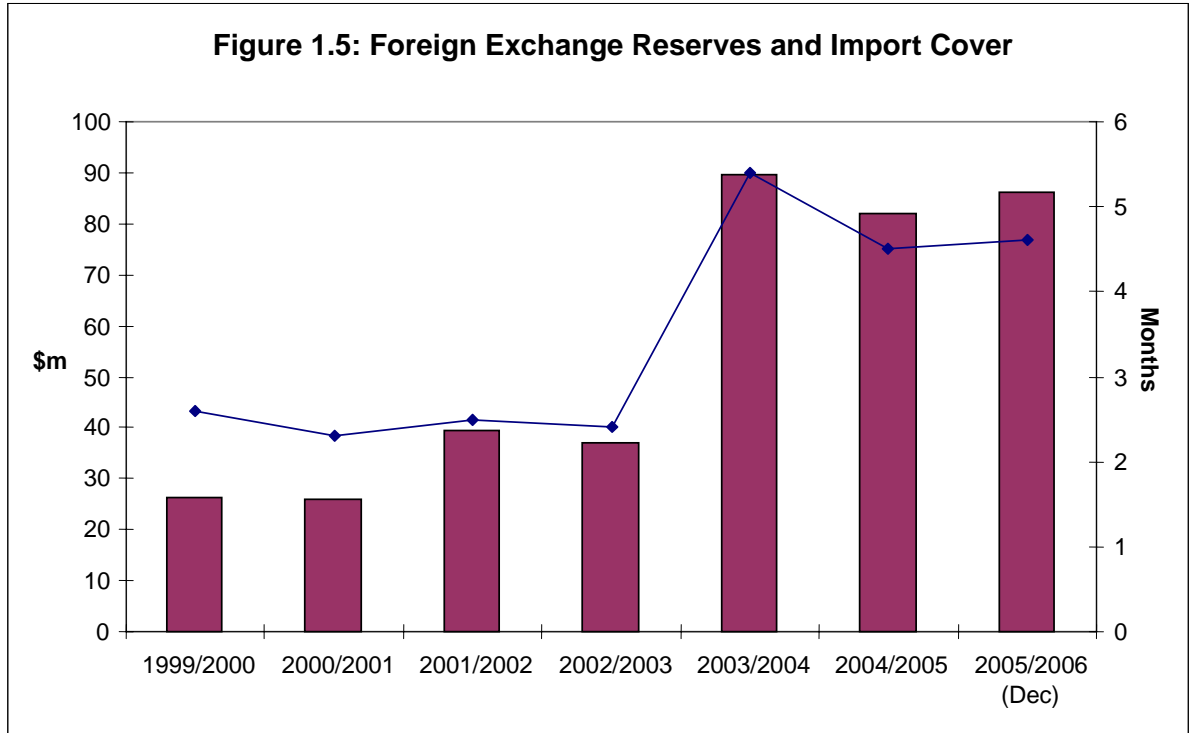
<sup>9</sup> The primary sector consists of agriculture, forestry and fisheries. The secondary sector consists of mining and quarrying, manufacturing, construction and electricity and water. The tertiary sector consists of all service sub-sectors (commerce, transport and communications, government services, finance & real estate, entertainment & private services, and ownership of dwellings).

The currency depreciation in 2000-2003 was forced by continued pressure on foreign exchange reserves associated with increased government spending in support of several public enterprises and the public service. Reserves increased substantially in 2003/04 as a result of higher remittances and external borrowing, particularly by a major private sector enterprise, and remained relatively high in the following two years (Figure 1.5). Squash exports also grew in 2003/04, but subsequently fell while fish exports stagnated.

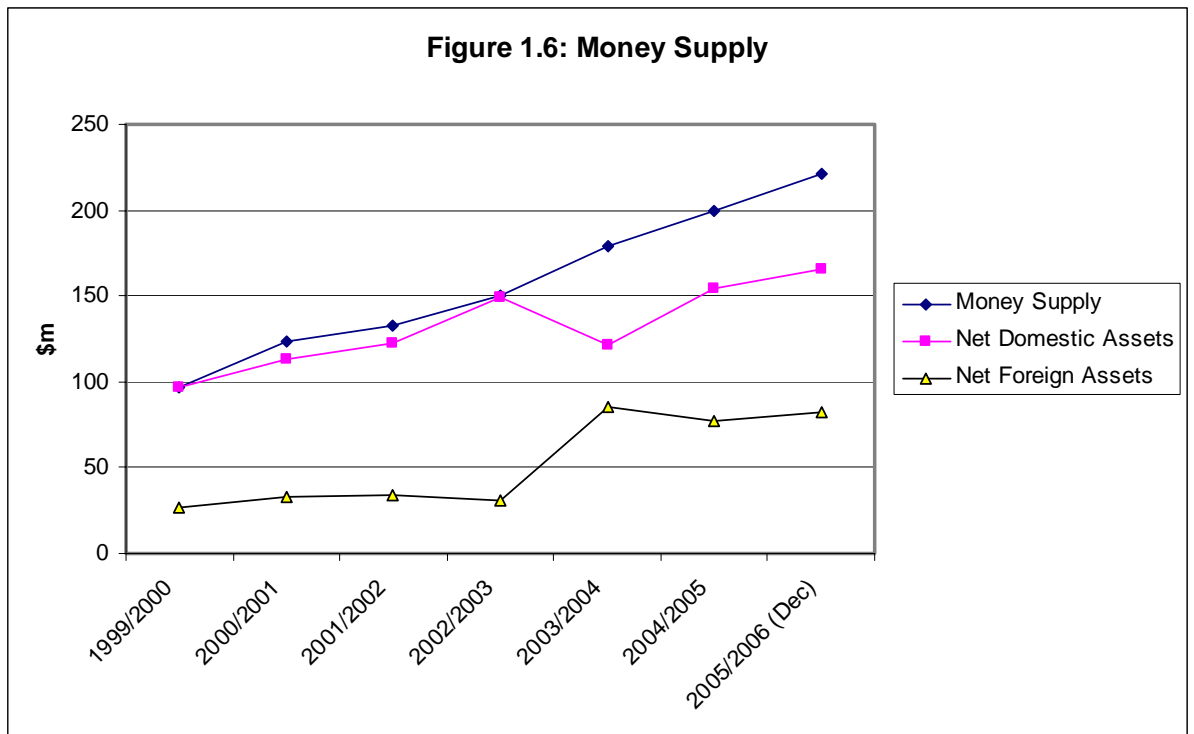
Money supply growth during the period to end December 2005 generally was driven by domestic credit expansion, except in 2003/04 (Figure 1.6). In the latter year, net domestic credit fell because the private sector external borrowing referred to in the previous paragraph was used in part to settle obligations to the domestic banking sector, and because Government's net credit position with the banking system improved as a result of receiving the second tranche of the Asian Development Bank (ADB) loan for the Economic and Public Sector Reform Program. Credit to the private sector grew at a double-digit rate during the period, with loans for housing the fastest growing major category. In December 2005, private sector credit was 33% above the December 2004 level and more than double the December 2000 level. Early in 2006, the National Reserve Bank of Tonga imposed credit ceilings on the banks in order to restrain credit growth and thus protect foreign reserves.



Source: Statistics Department; Ministry of Finance and Planning estimate.



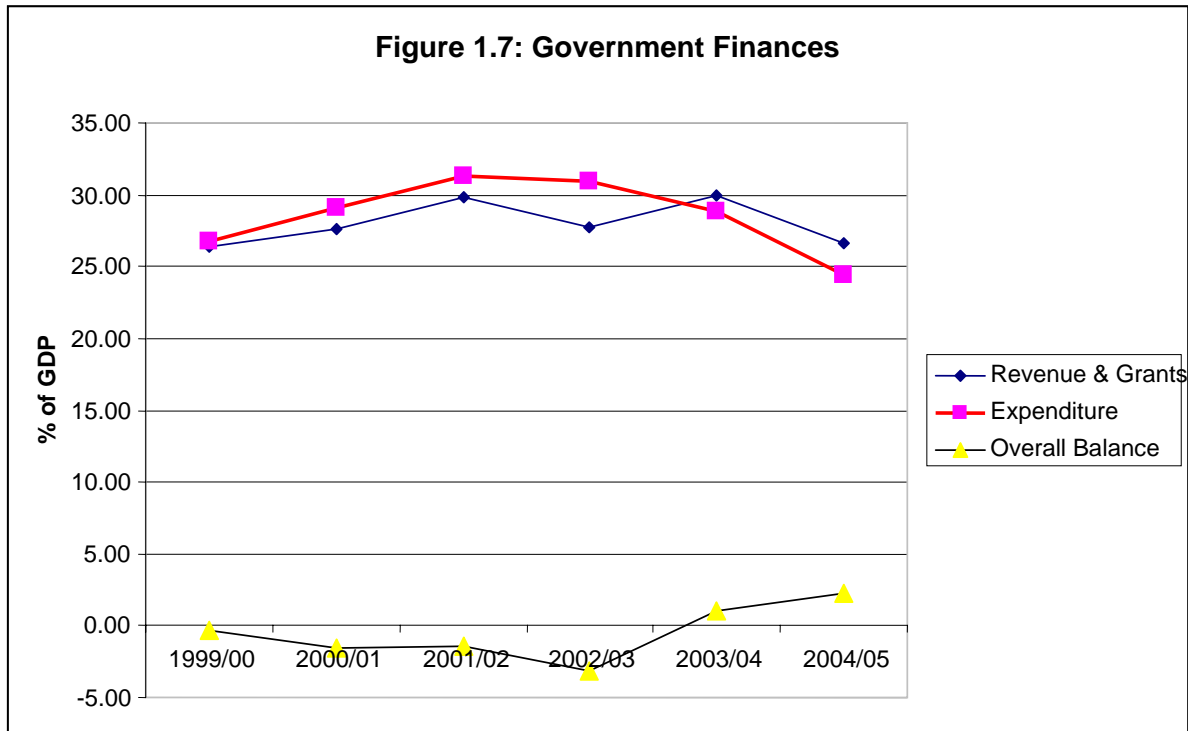
Source: National Reserve Bank of Tonga.



Source: National Reserve Bank of Tonga.

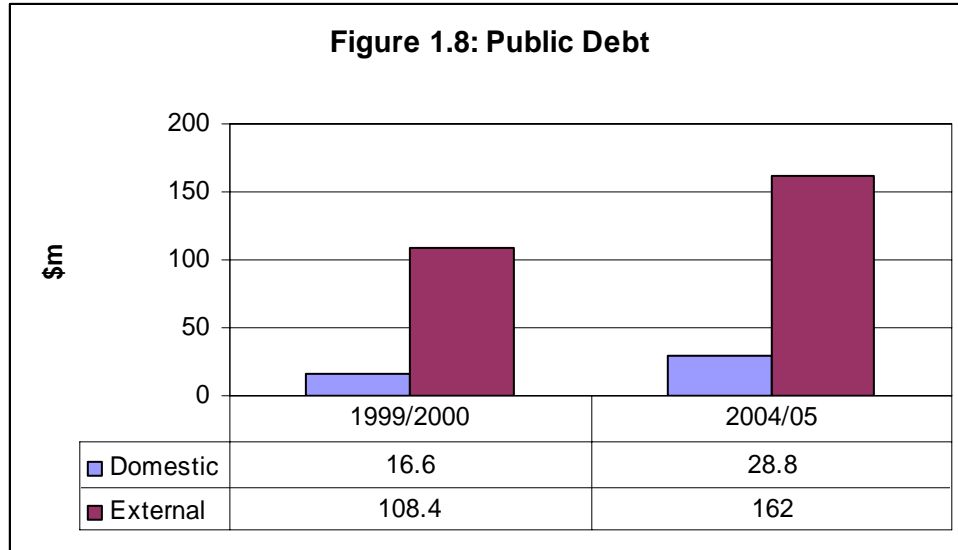
After four years of increasing deficits, the Government budget moved into surplus in 2003/04 and 2004/05 (Figure 1.7). This change largely was the result of a reduction in capital expenditure and the effect of a hiring freeze on the public service wages bill, and was achieved despite a substantial final payment of the Government's loan guarantees for Royal Tongan Airlines, which was liquidated in 2004.

The public debt increased in absolute terms during 1999/2000-2004/05 as shown in Figure 1.8, but fell from 48% of GDP to 42% of GDP as a result of a decline in the external debt to GDP ratio.



Source: Ministry of Finance and Planning.

During the period to June 2005, Government's current expenditure grew at a trend rate of 9.5%, with the wage and salaries component growing at the slower rate of 5.3%. This resulted in a planned reallocation of current spending towards non-wage goods and services, but left civil service remuneration lagging behind inflation (averaging just over 8%) and below wages in the private sector. There was therefore increasing pressure in 2005 for public service wage adjustments.



Source: Ministry of Finance and Planning.

Note: The 2004/05 figures include \$12.0m in government guaranteed loans.

The 2005/06 budget estimates provided for an increase in the civil service wage bill of almost 25% on the 2004/05 level. Most of the increase (\$7.1 million) was associated with new job classifications, gradings and salaries recommended by the Higher Salaries Review Committee and approved by Cabinet on 30 June 2005. The remainder included a \$2.0 million provision for redundancy packages and provisions for annual increments and some posts reactivated by the Public Service Commission. A general hiring freeze and tokenization of senior vacancies were to continue, with cuts in allowances, overtime and temporary staff wages.

Dissatisfaction with the new salary structure led to a six-week public service strike in July-September 2005. The strike ended with a Memorandum of Understanding between the strikers and the Government, in which the former undertook to return to work on 5 September 2005, and the latter agreed to implement the following pay rises: (i) a 60% increase for levels 2-5 of the public service; (ii) a 70% increase for levels 6-10; (iii) an 80% increase for levels 11-14A; and (iv) increases “at the appropriate level” for labourers and pensioners. Level 1 Heads of Departments’ salaries remained unchanged at the level contracted until 30 June 2006. It was agreed that the salary increases would be paid in two tranches: 60% effective from 1 July 2005 and the remaining 40% effective from 1 July 2006, backdated to 1 July 2005. It was further agreed that implementation of the Higher Salaries Review Committee recommendations would be deferred for two years, and that, aside from completion of EPSRP tax reforms, there would be no tax increases because of the salary increases.

\$21.9 million was needed in 2005/06 to pay the first tranche of the pay increases. Some of this amount was covered by the \$7.1 million already

appropriated in the budget. Most of the remaining amount was to be met by \$10.1 million in savings – cancelling capital and program expenditure (\$5.4 million), freezing 899 vacancies that existed at 1 July 2005 (\$3.2 million) and cutting administrative expense-related items, machinery repairs and construction materials (\$1.6 million). The Contingency Fund provided another \$1 million, leaving a \$3.7 million shortfall. The latter was to be covered by the February 2006 Cabinet decision to defer automatic salary increments, cease all acting appointments, and replace cash overtime payments with non-monetary compensation.

Government thus sought to maintain aggregate fiscal discipline in 2005/06 while minimizing adverse impacts on government operations. However, a major fiscal problem loomed in 2006/07, when the postponed second tranche of 40% of the salary increases had to be paid, as well as the full 100% of the salary increases – which necessitated the initiation of a civil service downsizing exercise in the latter half of 2005/06 (see chapter 4, strategy 2). Additionally, the civil service wage rise had flow-on effects to the private sector that potentially reduced business profitability and added to inflationary pressures.

Macroeconomic stability is a national goal, the achievement of which is important to public welfare and critical to encouraging private sector development. Macroeconomic policies are discussed in Chapter 5 and the economic and fiscal outlooks for the SDP8 period are presented in Chapter 13.

**In sum**, the period FY2000-FY2006 was characterised by:

- modest, fluctuating economic growth
- rising inflation largely due to currency depreciation forced by low foreign exchange coverage of imports
- continued heavy reliance on private remittances and foreign aid as sources of foreign exchange
- increased pressure on Government to maintain aggregate fiscal discipline and improve the strategic allocation of public resources, while simultaneously providing for civil service salary increases.

#### **1.4 Key Observations for Planners**

The key observations emerging from this review of development performance and reforms are:

- Faster domestically-generated economic growth is needed in order to raise living standards while reducing dependence on foreign aid and remittances
- Participation in, and benefits from, the growth process need to be as widespread as possible in order to reduce inequality in income distribution between households and regions, and particularly to reduce unemployment and poverty
- Significant achievements in education and health need to be maintained and improved upon
- The pace of implementing economic and public sector reforms was slower than anticipated because of capacity constraints and reduced commitment in some areas, though capacity constraints in tax and customs administration were eased in 2005 with the appointment of advisers
- Implementing reforms and consolidating the consequent improvements and benefits is a long-term process requiring continuous effort
- Maintaining budgetary and macroeconomic stability while minimizing adverse effects on public service delivery and implementation of development projects emerged as a major challenge for the SDP8 period.

## 2 The People's Perspective on Development

### 2.1 Introduction

This chapter presents a summary of the outcomes of the Central Planning Department's consultations between June and October 2005 with communities throughout Tonga, church leaders, non-government organizations (NGOs) and private sector associations.<sup>10</sup> The broad aim was to identify what these groups thought their main development issues and concerns are, and what might be done to address them.

For the community consultations, representatives from villages and islands were invited to participate in focus group discussions by district all over the Tonga Group. Participants included district officers, town officers, village committee members, women, youth representatives and anyone who was interested to take part. It was considered that these people have first hand experience of, and are aware of, all issues concerning their respective villages and are in a position to speak for and present issues of concern to the villagers. Of the 60 villages in Tongatapu, 48 villages (80%) were represented by 195 participants. Of the 17 villages in 'Eua, 15 villages (88%) were represented by 49 participants. Ha'apai had 127 participants from 24 of the 28 villages and islands (86%) in the Ha'apai group; Vava'u had 115 participants and a participation rate of 95% (37 out of 39 villages and islands); and the two Niuas had 63 participants, with every village being represented. All of these community discussions were conducted in Tongan.

Ninety people from NGOs (19), the churches (35) and the private sector (36) participated in consultations in Nuku'alofa. The NGO and church leader consultations were conducted in Tongan, while those with the private sector were in English.

All participants expressed their appreciation of the opportunity to express their views to Government, since they felt that they had not been adequately involved in consultations regarding new policies and needed more information from Government on issues affecting the country as a whole. There was a general feeling that Government leaves people in the dark and then surprises them with its actions. At the same time, people were concerned that their contributions may not be taken seriously. It was evident from the consultations that people would like to see more of government officials in their communities to inform, consult and educate them on government issues and decisions.

It is also worth noting that all groups consulted expect much of the Government, without necessarily appreciating the roles of Government and its budget limitations. Communities, NGOs, private sector representatives and church leaders indicated a need and a desire to be financially assisted by Government.

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<sup>10</sup> Refer to Appendix 2.1 for list of participants.



Communities see Government as *the* major solution to their problems, providing a range of services from infrastructure to community assistance to direct assistance to needy families, and financial assistance to businesses, NGOs and churches.

What follows is a presentation of participants' views, expressed as faithfully as possible in their own words. These views are a crucial input into the planning process, but do not by themselves constitute the sole basis for policy formulation and planning.

## **2.2 Community consultations**

Community consultations involved the presentation of background and general information on the planning process, including a brief history of Tonga's National Development Plans. Information handouts in Tongan were distributed to participants at the beginning of the session. Participants were divided into groups in which key questions on community needs and development issues were discussed; and groups then reported back at the end of the session.

The key questions guiding discussion were: (1) What are the three main problems that families/villages/women/youth face? (2) What solutions can you suggest for these problems? (3) If you had three wishes, what would they be? (4) What three things should the Government do to improve the wellbeing of families/villages/women/youth? (5) What can you do yourself to improve your wellbeing? (6) Any other concerns?

In order to reflect the differing priorities according to location of participants, the outcomes of the community consultations are presented by main island groups. The issues of concern are ranked according to the priorities established by participants. These rankings were achieved by tallying the number of groups that identified the issue at hand as a concern. A quick tally can give one a list of the issues of most concern for the nation as a whole. However, it must be noted that some issues raised during the consultations have not been included as they were not common to all groups in the district.

### **2.2.1 Tongatapu**

*Unemployment:* This is one of the pressing problems in the villages and in town – the lack of employment opportunities for people, which tends to contribute to financial hardship in the communities.

*Village water supply:* A water supply that operates for twenty four hours seven days a week is taken for granted by town dwellers. However, villagers often face the problem of having no tap water for hours and even days. Although all villages have access to running water either from a communal tap or tap in the home, the concern

is with the poor standard of equipment available for twenty four hour water generation.

*Road networks to plantations:* The standard of agricultural road networks is poor and needs to be addressed. Access to plantations is adversely affected, especially during rainy seasons. Since most families are dependent on agriculture for their livelihood, there is a need to have a good road network to the plantations as this will encourage village farmers to go to their plantation daily, and is also more convenient for transporting crops from plantations to markets.

*Land erosion (need for foreshore):* This is a major problem for villages both in the Western and Eastern sides of the island along the coasts. In such a small island with a fast growing population and shortage of land, there is a need to protect and maintain what we have - in this case the size of the island. Coastal land is being washed away by the sea and there is a need to build foreshores to avoid further erosion of land.

*Financial hardship:* Families are facing financial hardship and are unable to meet their various obligations to families, church and community. This hardship is attributed to joblessness or not having a regular income-generating job.

*Drug/alcohol abuse & youth crime:* Participants expressed a concern with substance abuse in their communities, as well as youth crimes. Enforcement of the law on alcohol and drugs is needed. Illegal drugs are getting into the island and cause all sorts of problems for youth. Deportees have negative effects on locals, and there is a need to have a young people's court to deal with youths who get into trouble.

*Consumption tax:* Please remove the consumption tax, it is a burden for us.<sup>11</sup>

*Leaving (dropping out of) school at a very young age:* Students are dropping out of school at a relatively young age and get into trouble: parents need to encourage their children to go to school.

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<sup>11</sup> This comment was made before the removal of the CT on agricultural inputs.

**Box 2.1: Participants Speak About Infrastructure**

*We need to have foreshores to protect our land, the trees by the beach were planted inland many years ago, but now they are right by the beach because the land has been eroded by the sea. (Participant from Navutoka)*

*Roads need to be tarsealed to improve the life span of tyres. With the current roads of larvae rocks, we need new tyres every year, bald tyres are the norm on the island. (Niuafou'ou participant)*

*We need to have better agricultural roads, this will encourage us to go to the plantation and plant more crops. (Participant from Talafo'ou)*

*We need to have proper roads and agricultural roads, what we have now is just a dirt road. (Nomuka representative)*

*We need a proper wharf so we can leave the island anytime we want, right now, we have to wait until the tide comes in before we can leave, otherwise we have to walk a long way to the reef and this is very difficult for the elderly and sick. (O'ua participant)*

*Government needs to make a new wharf so we can have dry feet! Young ladies also have small feet and can catch a cold from hopping into the sea to wade ashore! (Tungua representative)*

*Roads need to be tarsealed to reduce dust and pollution of water supply. (Pangai Ha'apai participants)*

*There is a need for a new wharf at Falevai so that ferries can come through this port thus reducing transportation costs and freights for people of Motu District. (Participants from Motu District, Vava'u)*

*Standard of agricultural and public roads needs to be improved. ('Eua representatives)*

*Infrastructure:* Wharves are needed for outlying islands in the Motu District, for safer and more convenient transportation of islanders and of crops to markets. Public and agricultural road networks for all the islands are needed to make access to plantations and market outlets easier. The upgrading of this infrastructure will enable a more efficient system of transporting primary produce from plantation to markets thus improving the income level of families.

*Unemployment and financial problems:* The shortage of jobs available for youth and people in general is a major concern as this creates financial problems and hardship for families.

*Unavailability of market outlets (domestic and international) for producers:* Producers need a reliable market outlet for marketing their products for an increased income. Many families rely on agriculture and fishing for their well being, and access to markets for these products would be beneficial for the families concerned.

*Equipment for youth and communities to use:* Communities in general need capital equipment such as fishing gear, tractors and farming equipment for income generation. Availability of this equipment will enable the unemployed to engage in income-generating activities. Equipment for use by village youth to look after the environment is also needed, as well as community halls for women to use for weaving and other activities.

*Education:* Access to post primary education is a problem for students in the outlying islands, as they have to come to Neiafu. There is a high dropout rate for students in the islands as a result of the inability to meet the financial costs associated with post primary education. There is a concern with the level of fundraising that the parents are doing in order to finance school supplies for government primary and high schools. There is also a concern with opportunities for further studies: students in Vava'u appear to be disadvantaged (and not awarded scholarships despite their high level of achievement relative to their counterparts in Tongatapu).

*Healthy population, water, sanitation and kitchen facilities, morgue:* Although access to water is not a problem, there is a concern with the maintenance and twenty four hours water generation is often not achieved in some areas. Water tanks for homes without them will contribute to the desire to have a healthy population. Sanitation and kitchen facilities will also further contribute to good health. A new morgue is needed to enable families and relatives abroad to come and pay their respects to their loved ones.

**Box 2.2: Participants Speak About Utilities and Services**

*The village water supply needs to be renewed as pipe networks are old, dirty and blocked regularly. (Tokomololo participants)*

*Electricity supply is too expensive. (Longoteme participants)*

*We would like our village water supply to operate for 24 hours. (Women's group, Tatakamotonga District)*

*We need water tanks, the tap water is too salty. (Participant Matuku Island)*

*There is a need to have more than one phone on the island. (Tofua representative)*

*There are not enough people living on the island to share the costs of generating electricity. Our island has the most expensive electricity supply in the group. (Ha'afeva participants)*

*Improve the phone services to the island by ensuring the phone works most of the time. (Matuku Representatives)*

*There is a need to resume air services to the island. (Representatives from 'Eua, Niuafo'ou and Niuatoputapu)*

*A generator will be good to have so that we can have electricity for weaving and for children to use for studying at night. (Participant: Niuatoputapu Island)*

*Although we have benefited from water tank assistance, we need to have an underground water supply. (Ha'ano participants)*

*A government ferry/boat to serve the island. ('Eua and Fotuha'a participants)*

*Telephone services are too expensive. (Pangai participants)*

**2.2.3 Ha'apai**

*Infrastructure and village boundary fences:* Wharves are needed for outlying islands without one, and there also is a need to maintain the beacons and ensure they are operating. Too many are not operating and this is dangerous for night travelers. There is a need for a new international wharf for Ha'apai to enable big container ships to bring goods directly to Ha'apai and thus reduce the costs of goods for islanders and to bring in more tourists. Building of new wharves for outlying islands will make it safer and more convenient to transport produce for marketing, and it will also reduce the hardship faced by islanders as a result of poor infrastructure. Public and agricultural roads need to be maintained and tarsealed to reduce dust, and new road networks need to be set up in islands that still lack this. Access to plantations will be easier and can positively increase output. Outlying islands also face the problems created by roaming pigs and other animals. This creates a need for a boundary fence between the residential areas and the plantations. Islands indicated their need for assistance in financing these village boundary fences.

*Unemployment and financial hardship:* The unavailability of job opportunities in the islands is a problem for all families as this increases hardship. The lack of a regular source of income contributes to the financial hardship faced by islanders and the inability to meet their various obligations. Participants also indicated that the new consumption tax has further impoverished them, especially when they have very low income.

*Market outlet for fish, produce and handicrafts:* Operators in these activities face the problem of marketing their product and need to have secure domestic and international markets. At present they are reliant on middlemen or agents (who are not always reliable and responsible) who buy their produce and then market elsewhere. Participants feel the government needs to get involved in finding a market for their produce.

*Water, communications transportation and electricity:* Water tanks are needed for homes without them, especially in islands that are dependent on rain water. Maintenance of existing water networks is also a problem, and there is a need for a new underground source of water supply for some islands to supplement the rain water tanks. Communication systems need to be operating at all times especially in the isolated islands where inadequate services are a problem. There is a need to expand the service to have more than one phone in certain islands. Sea transportation within the islands and nationally needs to be improved. Some islands are not serviced regularly by a ferry and this contributes to the hardship faced by islanders. There is some concern with the high costs associated with electricity supply in the group.

*Equipment for use by islanders:* There is a lack of equipment and tools for use by islanders for fishing, farming, community development projects, income generation and keeping the environment clean.

*Youth facilities:* Youth in the islands lack facilities –sports facilities and youth centres – for youth activities. They feel neglected and that they are not being assisted enough by the Tonga National Youth Congress.

*Sanitation facilities:* Sanitation facilities are also a concern and assistance is needed in this area.

**Box 2.3: Participants Speak About Access to Markets**

*We need to access foreign markets to sell our local produce, often we try to sell our surplus locally but are unable to do so. An international market will resolve this problem and provide an income for us. (Ha'ateiho participants)*

*Government needs to provide financial assistance to market women's handicrafts and other produce, as well as marketing youth for jobs overseas. Try and send local produce to a secured overseas market. (Kolomotu'a participants)*

*Marketing of our work is important, as this can provide us with an income. (Women, Hihifo District, Tongatapu)*

*We need to have a market outlet overseas to sell our products such as handicraft, vanilla, kava to earn a living for the family. (Hihifo District (Vava'u) representatives)*

*We need a secured market outlet overseas for our fish and local produce, this will improve our low income situation. ('Uiha participants)*

*We have handicrafts and other produce here but there is no market to sell them to, all we can do is to sell them to middle men and agents who have failed to pay up their end of the bargain. (Pangai, women and representatives from 'Uiha, Nomuka)*

*Our main source of income is weaving, however we often find no one to buy what we have, we need a secure market for our products. Government needs to arrange a market for our products to help our source of income. (Participants from Niuafou'ou Island)*

**2.2.4 'Eua**

*Infrastructure:* Public and agricultural roads need to be upgraded.

*Health facilities:* The facilities at the hospital should be expanded to cater for people's needs, e.g. children's and maternity wards.

*Training programmes for youth and women:* These are needed for job opportunities.

*Water and fire services:* A concern that was raised was that the quality of the water needs to be addressed.<sup>12</sup> A fire engine is needed.

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<sup>12</sup> Work is in the pipeline to improve the water supply in 'Eua under a project funded by NZAid.

**Box 2.4: Participants Speak about Unemployment and Poverty**

*Lack of job opportunities and availability of relevant capital equipment for income generation contribute to high unemployment and financial difficulties in the islands. Availability of farming or fishing gear will alleviate this problem. (Participants from Motu District, Vava'u)*

*Financial hardship for us as a result of unemployment, limited availability of land for unemployed, or under utilization of land resources for commercial farming and too much obligations to be met. (Neiafu women)*

*There is much poverty in the village due to lack of involvement in commercial farming and handicraft work, dependency mentality, being politically minded but not being economically active and not many civil servants in the village. (Tokomololo representative)*

*There are many obligations to different groups in the society, but do not have enough money to meet these obligations. (Foa women)*

*Families' income level is very low, need to have markets for our fish, crops and handicrafts. ('Uiha representatives)*

*Consumption tax is a great burden on us, since our income is already very low. (Kotu Island)*

*We live in poverty, goods are more expensive now with the CT, please remove the CT. We need a trailer or wheelbarrow to help with goods arriving at the wharf, at present all residents have to help out with carrying the loads. (Representative from Fotuha'a)*

**2.2.5 Niuafou'ou**

*Infrastructure:* Wharf and roads need to be upgraded for more efficient transportation.

*Unemployment and market outlets:* A major problem faced by islanders is unemployment and the lack of job opportunities in the island. As a result, most families on the island are dependent on kava and weaving for an income, for which there are no secured market outlets. People have to bring their products to Neiafu or Nuku'alofa but are unable to sell them all. There is a need for a secure market for these products to enable islanders to earn a regular income.

*Education:* Computers and industrial arts equipment are necessary for students to use so that they are not disadvantaged when they come to schools in Vava'u and Tongatapu.

*Training opportunities:* There is a need for more training opportunities for women and youth on basic home skills and skills for creating products for income generation.

*Water tanks:* There is a need for water tanks in some homes.



## 2.2.6 Niuatoputapu

*Communication, Transportation and Electricity supply:* These services required development to ensure all islanders benefit from them. Sea transportation needs to be more regular: a ferry should visit the island eight times a year instead of four. Also, air transportation services should be resumed.

*Unemployment and low income:* The lack of jobs and the dependence on handicrafts and kava is a major concern. Families have low income and are unable to meet their obligations. Training for jobs is needed.

*Market outlets:* Markets are needed for products already produced.

### **Box 2.5: People Speak About Access to Capital Equipment, Special Facilities, Training and Employment Opportunities**

*Youth and women need working tools, such as mowers, hoes, knives for use to clean up the environment, equipment – e.g. tractors for women to use in various women’s development programmes, equipment to use at sea and in the plantation for income generation. (Participants from Ha’ano, ‘Oua, Kotu, Tungua, Kolonga, Foa)*

*We would like to plant a vegetable garden or mulberry plants and pandanus with a view for marketing, but there is a lack of seedlings, and fencing wire to protect garden from roaming pigs, we need financial assistance to provide these things. (Representatives from Ha’ano, Hihifo District (Tongatapu) Women)*

*There is a need for a training programme to teach youths in domestic management and vocational training for unemployed. (Participants from Tatakamotonga and Holonga)*

*We would like an opportunity to go overseas and work e.g. fruit picking in order to get an income to help our families. (Participants from Vaini and Ha’ateiho, Hihifo District – Vava’u)*

*There needs to be a training programme for women to show them ways of earning an income in order to avoid or reduce their families’ vulnerability to poverty. (Women representatives from Nuku’alofa)*

*We have completed our secondary education, but have no work experience, or what we learned at school does not match the requirements of available jobs, we need to get some training to teach us skills to get a job. (Youths from Neiafu and ‘Eua)*

*We need to have a youth centre where we can have our training programmes, or have special counselors to provide counseling for youth. Need to have sporting facilities for youth to develop their talents. (‘Eua, Nomuka, Nuku’alofa youths)*

*Weaving is one of the main sources of income for women, however there is a shortage of community halls for group weaving. (Participants from Leimatu’a, Taoga, Pangai Ha’apai)*

*Have a juvenile court to deal with young lawbreakers. (Kolomotu’a youth)*

### **2.3 Non Government Organisations**

*Support for Disadvantaged groups:* There is an increasing concern about the standard and quality of life of disadvantaged groups which include the elderly, handicapped, poor, women, unemployed, widows, disabled, homeless and unwanted children. Government needs to support these groups to improve their current situation.

*Financial support for non government organizations:* Participants believe that these organizations have in the past been the source of information for government with regards to research and surveys done by these organizations. As a result, government should include these organizations in their budget.

*Address the ever increasing social problems that we have:* Teen pregnancies, youth crime, sexually transmitted infections, substance abuse, school drop outs, family problems (abuse and violence) were identified.

*Establish a Ministry of Women's Affairs, Youth and Sports:* This would specifically deal with these groups, as the current situation is not adequate to deal with the issues raised by these groups. Over the next three years, there is a need to focus on social, economic, political and health issues for women and youth. More attention needs to be given to sports as this is a viable source of income for Tongan youth.

*Political Reform:* There is a need to set up a body to look into the constitution and ways to expedite dealing with problems identified above.

*Strengthen links and communications between government and NGOs and other Civil Society Organisations:* Encourage people's participation in the economic process, and hold more consultations with the community. Also, it is important to ensure that civil servants are fully aware of issues before they are publicized (and that public servants all speak the same language on government issues).

*Set up a cabinet committee to deal with complaints:* The Commissioner for Public Relations cannot deal with these.

### **2.4 Church Leaders**

*Education:* The operation of mission schools needs to be financially supported by government, especially with teachers' salaries and pensions. Mission school teachers are not as well paid as government teachers and also have no pension. Government needs to consider assisting the mission schools in these areas.

Educators need to teach the young people of Tonga attitude formation and an appreciation of their role in Tonga's development, so that when they leave school they will engage in income generation activities if they are unemployed. There is

also a need to focus more on education for employment so as to help drop outs and those who are not academically strong.

There is a concern that the current system of sitting examinations at class 6 labels children as failures when they are unsuccessful in this examination.

*Social problems:* The gap between the rich and poor is widening and this is a concern. The poor find it difficult to get a loan so government needs to provide some assistance in this area. The increasing social problems that we have today – crime, substance abuse, prostitution and family problems – need addressing. Church leaders can contribute through counseling their members who are involved.

## **2.5 Private Sector**

### **2.5.1 Consultation and Communication**

Concerns raised by the private sector were the lack of consultation by Government and transparency on policies. Government appears to operate in isolation and exclude the relevant stakeholders. There is a need for more effective communication between government and the private sector, and government needs to take a lead role in communicating policies to the private sector instead of the private sector knocking on its door. The private sector needs to be more involved in policy deliberation with government

### **2.5.2 Business Environment**

Government has also been slow to follow up on commitments it has made to the private sector. For instance, Government announced a business development scheme, which sounds good to the private sector, but Government has not followed through with what is being offered under the scheme. In the current climate of uncertainties, it is difficult to make the right business decisions in advance.

Certain constraints exist in Tonga which contribute to the unfavourable environment for investors. For instance, the land issue does not promote long term investment; and neither does having to renew business visas every two years.

## **2.6 Key Observations for Planners**

- People in the communities, civil society organizations and the private sector want more information, education and consultation on government issues, decisions and policies
- Government typically is seen as the provider of solutions to individual and community problems
- Infrastructure development is seen as a major means of improving the quality of life of communities and reducing hardship

- There is a need for market research to secure international market outlets for local products
- There is widespread and growing concern over social problems and the plight of poor and vulnerable groups
- There is an expressed need for job training programmes for youth and women and counseling programmes for youth
- Policies conducive to foreign investment are needed in order to generate growth in incomes and employment.

### 3 National Development Vision and Goals

#### 3.1 Development Challenges

The review of development performance and reforms in chapter 1 showed that Tonga has made substantial long-term economic and social progress, and that in recent years the Government has sought to ensure this continues through improving public sector management, creating an environment conducive to increased investment and employment by the private sector, and investing in education and health. The pace of implementing economic and public sector reforms has been slower than anticipated, economic growth has fluctuated around a low trend rate, and a number of social issues has emerged – unemployment (especially youth unemployment), inequality in income distribution between households and regions, increasing hardship, rising crime, drug and alcohol abuse and erosion of traditional values and culture. Environmental degradation, including depletion of natural resources, is another issue of concern. All these economic, social and reform issues constitute the set of development challenges facing Government and the country in the medium- to long-term.

Community views obtained through the SDP8 consultation process and reported in chapter 2 reinforce the messages coming from the economic and social statistics. Communities in rural Tongatapu and the regions all seek greater income-earning and employment opportunities in order to reduce hardship, which is the preferred term for poverty in Tonga and is defined as follows:

**Poverty = Hardship**

*An inadequate level of sustainable human development, manifested by a lack of access to basic services; a lack of opportunities to participate fully in the socio-economic life of the community; and a lack of adequate resources (including cash) to meet the basic needs of the household or customary obligations to the extended family, village community and/or the church.*

In 2001, 5% of families in Tonga had expenditure levels below a Food Poverty Line of \$703 per head per year, and 22% had expenditure levels below a Basic Needs Poverty Line of \$1,466 per head per year.<sup>13</sup> Further discussion on the issue of hardship and equity is provided in Chapter 8.

Communities regard infrastructure development, particularly in the transport and water sectors, as a major means of improving the quality of life of

<sup>13</sup> Asian Development Bank 2003. *Hardship and Poverty Status Discussion Paper*. Manila, p.19.

communities and reducing hardship; and they see a specific need for market research to secure international market outlets for local products. Private sector representatives generally agreed that policies conducive to foreign investment are needed in order to generate growth in incomes and employment. Communities, NGOs and church leaders all expressed concern over the social problems referred to above, and specifically requested Government assistance in the provision of job training programmes for youth and women and counseling programmes for youth.

In addition, two general messages were received through the consultation process. First, people in the communities typically regard the Government as the provider of solutions to individual and community problems. They need to be made aware of Government's proper roles and limited resources and to examine ways of increasing their self-reliance. Second, and partly related to the first message, people in the communities, civil society organizations and the private sector all want more information, education and consultation on government issues, decisions and policies. There is widespread dissatisfaction with the accountability, transparency and predictability of government.

Improving the governance environment thus has emerged as a major development challenge to be met during the SDP8 period. Good governance is of value in its own right, but it also is important because it is a necessary condition for a good economic and social policy environment.

Growth that creates jobs for the unemployed, for young entrants to the labour force, and for people in the rural and regional areas is needed more than ever, since fiscal realities in the aftermath of the 2005 civil service wage settlement require contraction in public sector employment (see chapters 4 and 5). Moreover, the need becomes all the greater if a partial or complete closure of the emigration safety valve were to increase population pressure and threaten remittance flows.<sup>14</sup>

Further, growth is crucial to generating the government revenue needed to support public service delivery, particularly in the key education and health sectors. Human development is an end in itself, but also is an essential input to the domestic economic growth process and the foundation of successful emigration and future remittance flows.

### **3.2 Development Vision and Goals**

In response to the development challenges confronting the Kingdom, the Government of Tonga has adopted a Vision, established goals that will realise the

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<sup>14</sup> Population projections based on the 1996 census, which assume a decline in the total fertility rate from 4.15 to 3.0, indicate that if net migration declined from 1,900 to 1,000 people annually, the resident population would grow at just under 1% per annum to 113,427 in 2011; and if net migration were zero, the resident population would rise at the rate of 2.1% per annum to 133,569 in 2011. In the latter case, remittance flows per head of resident population would fall even if the existing migrant stock maintained real remittances per head of migrant population.

Vision, and agreed on a set of strategies for achieving the goals. The strategies in turn provide the framework within which government agencies will formulate and update their medium-term corporate plans and annual management plans, which detail the activities to be undertaken and resourced through the annual budget.

The Vision expresses the aspirations of the Tongan people and the ultimate aims of all the development efforts that will be undertaken during the SDP8 period. The Vision is:

*To create a society in which all Tongans enjoy higher living standards and a better quality of life through good governance, equitable and environmentally sustainable private sector-led economic growth, improved education and health standards, and cultural development.*

Following chapters elaborate the reasons why the following eight national development goals in SDP8 are important. The reasons are summarised here.

***Goal 1: Create a better governance environment***

Good governance is seen as underpinning achievements in all areas of economic, social and political development and hence is the first goal. This encompasses the political system, public sector management and core governance institutions.

***Goal 2: Ensure macroeconomic stability***

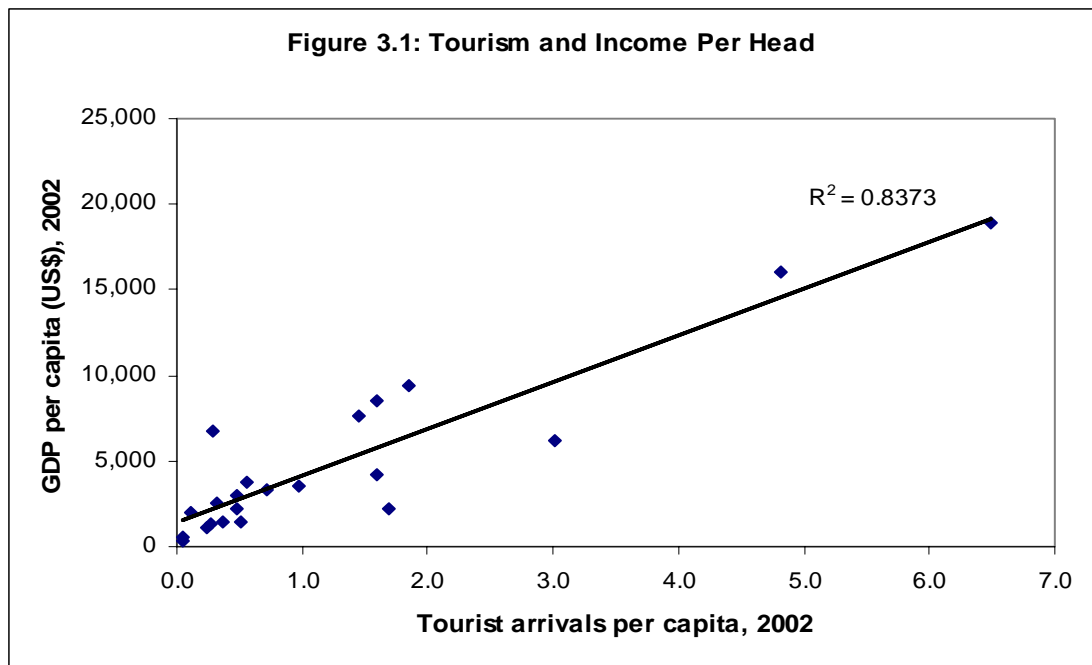
Macroeconomic stability is a prerequisite for sustainable economic growth that raises living standards and reduces poverty. It is especially important in the SDP8 period because of the potential fiscal and economic implications of the September 2005 civil service wage settlement.

***Goal 3: Promote sustained private sector-led economic growth***

Tonga's private sector is the source of most domestic production and employment. Creation of income-earning and employment opportunities in the formal and informal private sectors therefore is essential to increasing living standards. The private sector's performance is also an important determinant of public sector capacity because it is private sector activity that ultimately is the source of taxation revenue and the donations received by the churches and voluntary organisations.

The well-known factors of small size, geographic dispersion, remoteness from markets and vulnerability to natural disasters act as constraints on development. But the country is well-endowed with natural resources that provide the foundation for agricultural, fisheries and tourism development; and it has a well-educated, English-speaking workforce. In addition, there is a large emigrant population which maintains close relations with family in Tonga and which possesses savings, know-how, market connections and entrepreneurial talent that could be tapped. This emigrant population is in a position to identify and exploit specific investment opportunities.

Tonga's economic potential could be realized if impediments to business investment were removed. For example, increased tourism is a possible source of increased incomes and employment throughout the country. Figure 3.1 shows the positive correlation between tourist arrivals per head of population and income per head. Tonga's relative position is shown in Table 3.1.



Source: Table 3.1.



**Table 3.1: Tourism and GDP per Head**

	Tourist Arrivals per head of population	GDP per capita
Aruba	6.5	18,944
Bahamas, The	4.8	16,083
<i>Palau</i>	3.0	6,209
Barbados	1.8	9,410
Maldives	1.7	2,235
Seychelles	1.6	8,478
St. Lucia	1.6	4,182
St. Kitts and Nevis	1.5	7,605
Dominica	1.0	3,546
St. Vincent and the Grenadines	0.7	3,308
Mauritius	0.6	3,754
<i>Samoa</i>	0.5	1,488
<i>Fiji</i>	0.5	2,200
Jamaica	0.5	3,003
<b><i>Tonga</i></b>	<b>0.4</b>	<b>1,437</b>
Dominican Republic	0.3	2,507
Trinidad and Tobago	0.3	6,795
Cape Verde	0.3	1,345
<i>Vanuatu</i>	0.2	1,144
<i>Marshall Islands</i>	0.1	1,996
Sao Tome and Principe	0.1	311
<i>Kiribati</i>	0.1	568

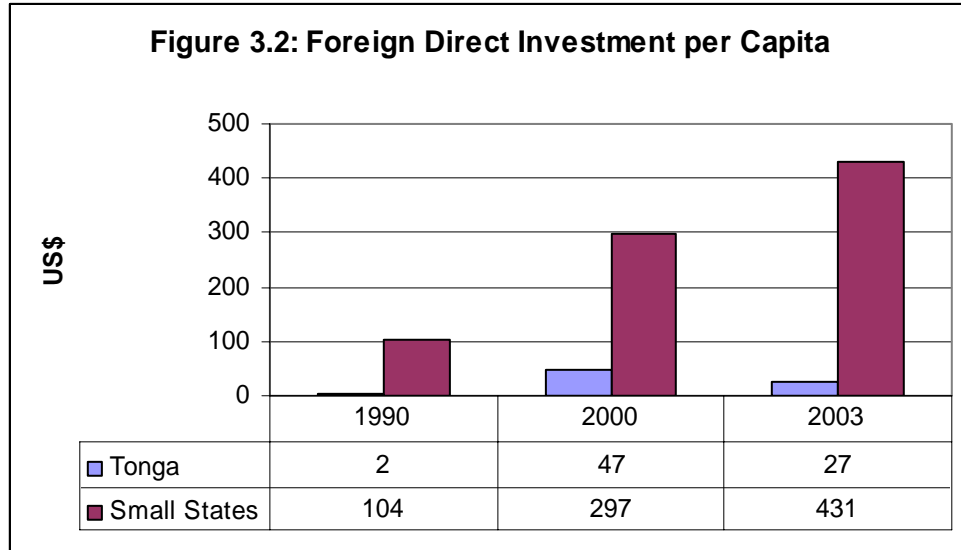
Source: World Bank (2006) World Development Indicators Online

Notes: Pacific island nations are in italics

Government will promote private sector development by providing a stable macroeconomic environment (Goal 2), investing in physical infrastructure, improving the legal and regulatory framework within which business operates, and investing in education and health, rather than by trying to pick winners and offering special incentives on a discretionary basis. Improvement in the investment climate is crucial to promoting both domestic and foreign direct investment. As Figure 3.2 shows, Tonga has a very low level of FDI compared with other small states.

<b><i>Goal 4: Ensure equitable distribution of the benefits of growth</i></b>
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As noted, there is inequality in the distribution of income between households and regions, growing unemployment, especially of youth and hardship for some groups. Government is committed to addressing these issues through the Regional and Rural Development Programme, and developing other pro-poor policy interventions, as well as through achieving Goal 3.



Source: L. Briguglio, B. Persaud and R. Stern. 2005. *Toward an Outward-Oriented Development Strategy for Small States: Issues, Opportunities, and Resilience Building. A Review of the Small States Agenda Proposed in the Commonwealth/World Bank Joint Task Force Report of April 2000*, p. 49.

### ***Goal 5: Improve education standards***

There have been commendable achievements in education, but concerns have arisen over issues of equity of access to, and quality of, the education being provided, as well as the readiness of school graduates for employment in a market economy. Government intends to achieve three specific objectives in order to improve education standards: (1) improve equitable access to and quality of universal basic education for all children in Tonga up to Year 8 (Form 2); (2) improve the access to and quality of post-basic education and training to cater for the different abilities and needs of students; and (3) improve the administration of education and training so that the quality of educational performance is enhanced.

### ***Goal 6: Improve health standards***

As infectious and communicable diseases have been brought under control, non-communicable diseases (NCDs) have increased and now constitute a major public health challenge. Tonga's health system therefore confronts two tasks: (1) to maintain control of infectious and communicable diseases by providing essential primary health care services and controlling some lingering infectious diseases and respiratory disease; and (2) preventing, controlling and curing non-communicable diseases.

***Goal 7: Ensure environmental sustainability and disaster risk reduction***

Performance in regard to environmental health indicators of access to safe water and sanitation is encouraging. However, a number of environmental concerns have arisen in recent years. Growth in the urban population has resulted in the subdivision of agricultural allotments on the outskirts of Nuku'alofa and settlement in swampy areas. A boom in housing construction and other infrastructure development has seen heavy demands on sand and gravel and the removal of mangroves, which removes habitat for juvenile fish and crustaceans and increases soil and coastal erosion. Poorly-drained areas often face inundation from the sea and heavy rain, exposing residents to water-borne diseases and other health risks associated with sewage problems.

Pollution is a problem largely arising from increasing utilisation of fossil fuel, improper solid waste disposal, pesticide and fertilizer runoff into the groundwater lens and sea, and random waste disposal by seagoing vessels. Also, Tonga's renewable natural resources have been under growing pressure; and Tonga has experienced 16 major natural disasters in 1950-2004.

Environmental conservation and management, urban management and disaster management are policy challenges that will be confronted during SDP8.

***Goal 8: Maintain social cohesion and cultural identity***

Tongan culture and society have been dynamic for many centuries, welcoming and adapting to many foreign influences, and taking advantage of overseas opportunities through migration. However, demographic and social change has accelerated in recent decades and posed new and demanding challenges. People under 21 now comprise the majority of the population; more young people are searching for work today than ever before; more students are dropping out of school; many families are under pressure; domestic violence has become an issue of concern; drug abuse is on the rise; and the rate of crime is increasing rapidly. Many of society's leaders are concerned over the erosion of traditional values and attribute this, at least in part, to the importation of cultural values and behaviours regarded by them as anti-social. These imported values are thought to cause some young people to question their identity and to lose their commitment to the education and personal development necessary to find productive employment.

Government will respond to these demographic and cultural challenges during SDP8.

### **3.3 Achieving SDP8's Goals: A Summary of Strategies**

The specific strategies to be implemented in 2006/07-2008/09 in order to achieve the eight national development goals are summarised in Table 3.2, with full versions of strategies shown in Appendix 14.1. They have incorporated the views of line ministries and departments gathered during CPD consultations in September-December 2005 and as expressed in corporate plans and feedback on the SDP8 preliminary draft received in January-June 2006. The full version of this table is presented as an appendix to Chapter 14 and is extended to identify responsible implementing agencies, target dates for implementation, and sources of external financial and technical assistance — thus serving as a monitoring and reporting device.

**Table 3.2: SDP8 Goals and Strategies**

<b>Goal 1: Create a better governance environment</b>	<b>Strategy</b>
	<p><i>Strategy 1:</i> Review the Constitution and the political system in order to formulate recommendations for constitutional and political reforms.</p> <p><i>Strategy 2:</i> Restructure government and downsize the public service through a voluntary redundancy programme.</p> <p><i>Strategy 3:</i> Strengthen the strategic policy development and implementation capacity of the Prime Minister's Office.</p> <p><i>Strategy 4:</i> Formulate and implement a plan for outsourcing government services that encompasses capacity building for contract design, contract management and internal audit.</p> <p><i>Strategy 5:</i> Formulate and implement new legislation and regulations governing procurement.</p> <p><i>Strategy 6:</i> Continue implementation of Public Service Commission programmes that facilitate improved performance in the public service.</p> <p><i>Strategy 7:</i> Continue the process of strengthening public expenditure management through:</p> <ul style="list-style-type: none"> <li>(i) development of regulations for the Public Finance Management Act;</li> <li>(ii) completion and application of the Finance Policy and Procedures Manual within Treasury Division, MFP;</li> <li>(iii) improving the availability of timely, reliable and regular financial information as a basis for government decision-making including through extension of GOTNET to all the ministries and the outer islands;</li> <li>(iv) decentralisation of financial management to line ministries;</li> <li>(v) continuation and refinement of outcome-oriented programme budgeting, including the phased development of a medium-term expenditure framework;</li> <li>(vi) implementing the first stages of a long-term program of capacity building, in MFP aimed at improving operational efficiency and effectiveness.</li> </ul> <p><i>Strategy 8:</i> Continue implementation of the revenue reform program by:</p> <ul style="list-style-type: none"> <li>(i) introducing a simplified, reduced uniform customs tariff through amendments to the Customs Act;</li> <li>(ii) introduce a new Income Tax Bill;</li> <li>(iii) consolidating and extending the operation of the computerized Revenue Management System in Revenue Services Department;</li> <li>(iv) continuing the institutional strengthening of Customs Administration.</li> </ul> <p><i>Strategy 9:</i> Strengthen corporate governance in the public enterprise sector through</p>

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	<p>enforcement of the Public Enterprise Act.</p> <p><i>Strategy 10:</i> Corporatise selected government commercial activities and privatize selected public enterprises.</p> <p><i>Strategy 11:</i> Increase the efficiency and effectiveness of the Tonga Police Force by implementing a Community-Based Policing Program and upgrading technology used in crime investigation.</p> <p><i>Strategy 12:</i> Improve the functioning of the Ministry of Justice by computerising the Vital Statistics Office and the Courts, including in the outer islands.</p> <p><i>Strategy 13:</i> Formulate and enforce a Leadership Code.</p> <p><i>Strategy 14:</i> Strengthen the Office of Commissioner of Public Relations.</p> <p><i>Strategy 15:</i> Strengthen the Audit Department of PMO by: (i) amending the Public Audit Act 1984 to support the Department's independence and widen its mandate; and (ii) building expertise in performance and information technology audit.</p> <p><i>Strategy 16:</i> Determine and gazette appropriate accounting and auditing standards, in order to improve transparency and accountability in financial reporting.</p>
<p><b>Goal 2: Ensure macroeconomic stability</b></p>	<p style="text-align: center;"><b>Strategy</b></p>
	<p><i>Strategy 1:</i> Maintain fiscal discipline and improve the strategic allocation of public resources by reducing the share of salaries in current expenditure (see Goal 1, strategy 2).</p> <p><i>Strategy 2:</i> Ensure that Tonga's public external debt position remains sound.</p> <p><i>Strategy 3:</i> Strengthen the National Reserve Bank of Tonga by enacting the Amendments to the NRBT Act.</p> <p><i>Strategy 4:</i> Develop open-market operations as an instrument of monetary policy.</p> <p><i>Strategy 5:</i> Continue to manage the exchange rate to achieve the foreign exchange reserves target level.</p>

<b>Goal 3: Promote sustained private sector-led economic growth</b>	<b>Strategy</b>
	<p><b>Business Environment Strategies: Chapter 6</b></p> <p><i>Strategy 1:</i> Engage in policy dialogue with the private sector.</p> <p><i>Strategy 2:</i> Act on recommendations of the Task Force for the Implementation of Regulatory Reform.</p> <p><i>Strategy 3:</i> Implement the Foreign Investment Act 2002.</p> <p><i>Strategy 4:</i> Complete the drafting and review of regulations for the Business Licenses Act 2002 and implement the legislation.</p> <p><i>Strategy 5:</i> Repeal the Industrial Development Incentives Act 1978.</p> <p><i>Strategy 6:</i> Continue to implement trade liberalization and trade facilitation policies in accordance with multilateral and regional trade agreements.</p> <p><i>Strategy 7:</i> Pass and implement the Trade and Investment Bill.</p> <p><i>Strategy 8:</i> Pass and implement the new Employment Bill.</p> <p><i>Strategy 9:</i> Investigate the extension of the business visa from 2 to 10 years or more and make necessary legislative amendments.</p> <p><i>Strategy 10:</i> Review and implement transparent and consistent administrative processes relating to the processing and registration of applications relating to land tenure.</p> <p><i>Strategy 11:</i> Replace the Price and Wage Control Act 1947 with modern price control legislation under which all monitoring and control of prices is conducted (including utility prices).</p> <p><i>Strategy 12:</i> Review existing competition law with a view to introducing a prohibition on price fixing and eliminating any unnecessary competition prohibitions.</p> <p><i>Strategy 13:</i> Continue and strengthen the provision of business development services.</p> <p><i>Strategy 14:</i> Design and implement a countrywide program for the development of youth enterprises.</p> <p><i>Strategy 15:</i> Implement the National Road Development Programme; establish a Road Fund to support proper asset management; and upgrade Vaipua Bridge, Neiafu and construct a bridge across Fanga’uta Lagoon, Nuku’alofa.</p> <p><i>Strategy 16:</i> Upgrade inter-island sea transport services by introducing a new ferry and a new landing craft.</p> <p><i>Strategy 17:</i> Upgrade and maintain ports throughout Tonga, giving priority to installation of new, and replacement of deficient, navigational beacons and markers.</p> <p><i>Strategy 18:</i> Improve domestic air services by consolidating the corporatisation of airports and ensuring continuity of service provision.</p> <p><i>Strategy 19:</i> Implement and ensure sustainability of the Nuku’alofa Waste Management Project.</p>

	<p><i>Strategy 20:</i> Develop an urban planning and management strategy for Tonga and formulate an investment project for development of urban areas.</p> <p><i>Strategy 21:</i> Update the Tonga Electric Power Board legislation to facilitate regulation of safety and technical issues and competition in generation (refer strategy 11 on price regulation).</p> <p><i>Strategy 22:</i> Review water pricing by the Tonga Water Board to clarify the cost and appropriateness of holding the price at a level below that which generates a commercial rate of return.</p> <p><i>Strategy 23:</i> Complete a full upgrade of the Nuku'alofa and Vava'u water supply systems.</p> <p><i>Strategy 24:</i> Formulate and implement a policy to guide the Department of Communications when considering applications for telecommunications licences (refer strategy 11 on pricing regulation).</p>
	<p style="text-align: center;"><b>Economic Sector Strategies: Chapter 7</b></p> <p><i>Strategy 1:</i> Continue to improve the Ministry of Agriculture and Food, Forests and Fisheries' core services delivery to client groups throughout the country (farmers, district and village agriculture committees, growers' organizations, women's groups and NGOs).</p> <p><i>Strategy 2:</i> Accelerate trials of domestic production of various types of vegetables for export markets and of import-substituting mutton production.</p> <p><i>Strategy 3:</i> Improve infrastructure that supports agricultural development (roads, ports, air and sea transport). [Refer to strategies 15-18 above].</p> <p><i>Strategy 4:</i> Review and improve the agricultural policy environment in order to promote small and medium-sized agricultural enterprises.</p> <p><i>Strategy 5:</i> Examine the feasibility of an export credit guarantee scheme as a means of encouraging agricultural production for export.</p> <p><i>Strategy 6:</i> Promote tree and coconut planting through provision of seedlings to farmers and the public on a cost-recovery basis</p> <p><i>Strategy 7:</i> Promote commercial planting of timber and high valued tree species for export on government lands, large land holding organizations and private-owned farmlands.</p> <p><i>Strategy 8:</i> Continue to support, and where feasible extend the geographic coverage of, Community-based Management and Development Plans for inshore fisheries.</p> <p><i>Strategy 9:</i> Promote the sustainable development of small-scale fisheries and aquaculture through scientific research and resource assessment, through the provision of equipment and marketing information and facilities to communities, and through improving communities' access to credit through the Special Initiatives Fund.</p> <p><i>Strategy 10:</i> Establish and declare Tonga's Exclusive Economic Zone.</p> <p><i>Strategy 11:</i> Pass necessary amendments to the Fisheries Management Act and finalise regulations for this Act and the Aquaculture Management Act.</p>



	<p><i>Strategy 12:</i> Review infrastructure support for commercial fishing as part of the formulation of a port development strategy.</p> <p><i>Strategy 13:</i> Privatised non-core functions of Fisheries (excepting instances of community service obligations).</p> <p><i>Strategy on Domestic Air Services:</i> Refer to Strategy 18 above.</p> <p><i>Strategy 14:</i> Promote foreign direct investment in tourism through regulatory reform, by identifying land for investments in accommodation facilities, and by providing assistance in negotiations for access to that land (refer to Business Environment Strategies 3-5, 7-10 above).</p> <p><i>Strategy 15:</i> Develop a zoning policy within the context of developing an urban planning and management strategy (refer to Strategy 20 above).</p> <p><i>Strategy 16:</i> Review and refocus Government's role in tourism development on policy development, research and planning and regulation, while devolving the marketing function to a corporatised entity.</p> <p><i>Strategy 17:</i> Assess the need for a tourism training centre.</p>
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<b>Goal 4: Ensure equitable distribution of the benefits of growth</b>	<b>Strategy</b>
	<p><i>Strategy 1:</i> Implement the Tongan Education Support Program (TESP), seeking efficiency gains to ease the recurrent budget constraint.</p> <p><i>Strategy 2:</i> Redirect the health budget toward primary and preventative services, ensuring service provision at rural and regional health centres is protected.</p> <p><i>Strategy 3:</i> Review health sector financing with a view to introducing (1) user fees, while ensuring exemption for the poor, and (2) voluntary health insurance schemes.</p> <p><i>Goal 3, Business Environment Strategy 15:</i> Implement the National Road Development Programme; establish a Road Fund to support proper asset management; and upgrade Vaipua Bridge, Neiafu and construct a bridge across Fanga’uta Lagoon, Nuku’alofa.</p> <p><i>Goal 3, Business Environment Strategy 16:</i> Upgrade inter-island sea transport services by introducing a new ferry and a new landing craft.</p> <p><i>Goal 3, Business Environment Strategy 17:</i> Upgrade and maintain ports throughout Tonga according to priorities identified in the corporate plans of the Ports Authority, Shipping Corporation of Polynesia and Ministry of Marines and Ports.</p> <p><i>Goal 3, Business Environment Strategy 18:</i> Improve domestic air services by consolidating the corporatisation of airports and tendering for an additional domestic air service provider.</p> <p><i>Strategy 4:</i> Implement the donor-supported Regional and Rural Development Program.</p> <p><i>Goal 3, Economic Sector Strategy 1:</i> Continue to improve the Ministry of Agriculture and Food, Forests and Fisheries’ core services delivery to client groups throughout the country (farmers, district and village agriculture committees, grower’s organizations, women’s groups and NGOs).</p> <p><i>Goal 3, Business Environment Strategy 14:</i> Design and implement a countrywide program for the development of youth enterprises.</p> <p><i>Goal 3, Business Environment Strategy 20:</i> Develop an urban planning and management strategy for Tonga and formulate an investment project for development of urban areas.</p> <p><i>Strategy 5:</i> Formulate a social policy framework in consultation with civil society organizations that addresses the needs of specified vulnerable groups.</p> <p><i>Strategy 6:</i> Finalise, pass and implement the legislation for a National Retirement Benefits Scheme.</p>

<b>Goal 5: Improve education standards</b>	<b>Strategy</b>
<p><b>Objective 1:</b></p> <p><i>To improve equitable access to and quality of universal basic education for all children in Tonga up to Year 8 (Form 2).</i></p>	<p><i>Goal 4 Strategy 1:</i> Implement the Tongan Education Support Program (TESP), seeking efficiency gains to ease the recurrent budget constraint.</p> <p>Sub-Strategy 1.1 Reform the current curriculum.</p> <p>Sub-Strategy 1.2 Strengthen Literacy Outcomes.</p> <p>Sub-Strategy 1.3 Facilitate assessments for Better Learning.</p> <p>Sub-Strategy 1.4 Improve the quality of teaching.</p> <p>Sub-Strategy 1.5 Implement the School Grants Program.</p>
<p><b>Objective 2:</b></p> <p><i>To improve the access to and quality of post-basic education and training to cater for the different abilities and needs of students.</i></p>	<p>Sub-Strategy 2.1 Continue to undertake an annual training needs assessment.</p> <p>Sub-Strategy 2.2 Develop the Tonga National Qualifications Framework.</p> <p>Sub-Strategy 2.3 Develop pilot skill-development projects.</p> <p>Sub-Strategy 2.4 Expand opportunities for on-the-job training schemes.</p>
<p><b>Objective 3:</b></p> <p><i>To improve the administration of education and training so that the quality of educational performance is enhanced.</i></p>	<p>Sub-Strategy 3.1 Strengthen Policy, Planning, Monitoring and Evaluation.</p> <p>Sub-Strategy 3.2 Facilitate effective Policy Dialogues between the ministry and key stakeholders.</p> <p>Sub-Strategy 3.3 Strengthen Management and Administration.</p> <p>Sub-Strategy 3.4 Initiate capacity building activities.</p> <p>Sub-Strategy 3.5 Develop all needed capacity and obtain information for designing and implementing a Sector Wide Approach (SWAp) for the last 12 years of the EPF period.</p> <p>Sub-Strategy 3.6 Develop the capacity of the education system to produce information and communications technology (ICT).</p> <p>Sub-Strategy 3.7 Improve teacher supply and conditions of service.</p>

<b>Goal 6: Improve health standards</b>	<b>Strategy</b>
	<p><i>Strategy 1:</i> Continue to implement the National Strategy on Non-Communicable Diseases.</p> <p><i>Goal 4 Strategy 2:</i> Redirect the health budget toward primary and preventative services, ensuring service provision at rural and regional health centres is protected.</p> <p><i>Strategy 3:</i> Formulate standard protocols for the management of all communicable diseases and ensure adequate testing facilities and personnel are available to monitor the prevalence of communicable diseases.</p> <p><i>Strategy 4:</i> Develop a protocol and undertake a survey to establish the prevalence of sexually transmitted infections.</p> <p><i>Strategy 5:</i> Improve curative service delivery by completing the infrastructure redevelopment of Vaiola hospital.</p> <p><i>Goal 4 Strategy 3:</i> Review health sector financing with a view to introducing (1) user fees, while ensuring exemption for the poor, and (2) voluntary health insurance schemes.</p>
<b>Goal 7: Ensure environmental sustainability and disaster risk reduction</b>	<b>Strategy</b>
	<p><i>Strategy 1:</i> Complete and enforce the legislative framework for environmental conservation and management.</p> <p><i>Strategy 2:</i> Integrate environmental costs and benefits into Government decision-making procedures covering policies, projects and private investment proposals.</p> <p><i>Strategy 3:</i> Implement environmental education programmes and engage communities in remedial measures.</p> <p><i>Goal 3, Business Environment Strategy 19:</i> Implement and ensure sustainability of the Nuku'alofa Waste Management Project.</p> <p><i>Goal 3, Economic Sector Strategy 8:</i> Continue to support, and where feasible extend the geographic coverage of, Community-based Management and Development Plans for inshore fisheries.</p> <p><i>Strategy 4:</i> Approve and implement a renewable energy policy.</p> <p><i>Strategy 5:</i> (i) Pass and implement the National Emergency Management Bill; (ii) Implement the Building Control and Standards Act; (iii) Mainstream risk management within departmental planning and integrate disaster risk reduction within national development planning; (iv) Establish a National Disaster Fund; (v) Improve the capability of communities to be more resilient to disasters.</p>

<b>Goal 8: Maintain social cohesion and cultural identity</b>	<b>Strategy</b>
	<p>Strategy 1: Provide financial assistance to NGOs offering support services for abused women and children.</p> <p>Strategy 2: Implement the Action Plan of the National Policy on Gender and Development.</p> <p>Strategy 3: Implement the Youth and Culture Unit's six-part cultural development programme.</p>

## 4 Creating a Better Governance Environment

### 4.1 The Meaning of Governance

Governance is defined as the manner in which authority is exercised to manage a country's economic and social resources. This includes: (1) the process by which governments are selected, monitored and replaced; (2) the capacity of the government to effectively formulate and implement sound policies; and (3) the respect of citizens and the state for the institutions that govern economic and social interactions among them.<sup>15</sup> Good governance is of value in its own right, and because it promotes development:

*We find that a country improving its quality of governance from a low level to an average level can in the long term quadruple the income per capita of its population, and similarly reduce infant mortality and illiteracy. And the direction of causality is clear: it goes from better governance to higher incomes, and not vice versa (<http://info.worldbank.org/governance/kkz2004/q&a.htm>).*

There is a general consensus that weak governance is a key factor in explaining sluggish economic growth in Pacific Island countries and improvements in social services delivery that are not commensurate with the level of aid received. Measured against the four key governance elements of accountability, participation, predictability and transparency, Pacific Island states rate poorly.<sup>16</sup> Not surprisingly, good governance is one of the Pacific Plan's four regional priority areas in which initiatives for immediate implementation (2006-2008) have been identified.<sup>17</sup>

### 4.2 Tonga's Governance Environment

Judged by external benchmarking and by the views of individuals, civil society and private sector organizations and the People's Representatives who make up one-third of Parliamentary membership, the governance environment in Tonga is relatively weak.

Tonga's scores in the 2004 World Bank report on governance indicators are shown in Table 4.1. They are low, even by comparison with the generally low scores

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<sup>15</sup> World Bank definition at [www.worldbank.org/wbi/governance/govdata](http://www.worldbank.org/wbi/governance/govdata).

<sup>16</sup> See Thuy Mellor and Jak Jabes. 2004. *Governance in the Pacific: Focus for Action 2005-2009*. Manila: Asian Development Bank. Accountability refers to making public officials answerable for government behaviour and responsible to the entity from which they derive their authority. Participation is an acceptance that people are both the beneficiaries and the agents of development. Predictability means the fair and consistent application of the laws, regulations and policies that regulate society. Transparency is the availability of information to the public and clarity about government rules, regulations and decisions. Also see Transparency International, National Integrity Systems, Transparency International Country Study Report, Tonga 2004. Canberra: Australian National University.

<sup>17</sup> Pacific Islands Forum Secretariat 2005. *The Pacific Plan for Strengthening Regional Cooperation and Integration*. Suva. The other priority areas are economic growth, sustainable development and security.

for other Pacific countries, with the most marked shortfall occurring for **Voice and Accountability**. This dimension measures the political process, civil liberties, and political and human rights, focusing on the extent to which citizens are able to participate in the selection of governments. Lack of participation in selection has existed alongside of traditional respect for the monarchy and appointed government, which is reflected in Tonga's higher score on the **Political Stability and Absence of Violence** indicator. This indicator measures the likelihood that the government in power will be destabilized or overthrown by possibly unconstitutional and/or violent means, including domestic violence and terrorism. However, erosion of faith in government has accelerated in recent years following loss of Tonga Trust Fund monies, the collapse of Royal Tongan Airlines, measures to curb press freedom and the contentious granting of a monopoly over domestic air services. Long-standing demands for political reform have intensified, particularly during the public servant strike of July-September 2005. The Government acknowledges that this is a major area of governance reform that must be addressed early in 2006 through peaceful, participative means.

**Table 4.1: Governance Indicators, 2004**

	Voice and Accountability	Political Stability	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
Tonga	-0.35	0.72	-0.73	-0.43	-0.11	-0.68
Pacific Average	0.58	0.24	-0.73	-0.31	-0.09	-0.50

Source: World Bank, *Governance Indicators*.

Notes: The Pacific Average is for Fiji Islands, Kiribati, Marshall Islands, Micronesia, Papua New Guinea, Samoa, Solomon Islands, Timor Leste, Tuvalu and Vanuatu. The indicators are measured in the range -2.5 to +2.5, with a higher score indicating better governance.

The Government also acknowledges that improvements are needed in the other governance dimensions. Tonga's score on **Government Effectiveness** matches the low score for Pacific countries in general. This dimension encompasses the quality of public service provision, the quality of the bureaucracy, the competence of civil servants, the independence of the civil service from political pressures, and the credibility of the government's commitment to policies.

Tonga's score on three other governance dimensions is below the Pacific average. **Regulatory Quality** focuses on policies, including measures of the incidence of market-unfriendly policies such as price controls or inadequate bank supervision, as well as perceptions of the burdens imposed by excessive regulation in areas such as foreign trade and business development.

**Rule of Law** measures the extent to which agents have confidence in and abide by the rules of society. These include perceptions of the incidence of crime, the effectiveness and predictability of the judiciary, and the enforceability of contracts. **Control of Corruption** is a measure of the extent of corruption, conventionally defined as the exercise of public power for private gain.

### 4.3 Governance Strategies

A range of strategies will be implemented in the SDP8 period in order to achieve *Goal 1: Create a better governance environment*. This chapter focuses on the areas of voice and accountability, government effectiveness, the rule of law and the control of corruption. Strategies to improve regulatory quality are discussed in chapter 6 since they primarily affect private sector development.

#### 4.3.1 Voice and Accountability

**Strategy 1: Review the Constitution and the political system in order to formulate recommendations for constitutional and political reforms.**

Providing Tongan citizens with a greater voice in their government is a development priority. Implementation of the strategy will be the responsibility of The National Committee of the Kingdom of Tonga on Political Reform. The review will be conducted in a consultative manner, drawing on the views of the Tongan people and civil society organizations, and is expected to be completed early in the SDP8 period with some external technical and financial assistance.

#### 4.3.2 Government Effectiveness

Strategies to improve government effectiveness continue the reform efforts made under EPSRP and focus on the three areas of public sector management – public administration, public financial management and public enterprise reform.

##### 4.3.2.1 Public Administration

**Strategy 2: Restructure government and downsize the public service through a voluntary redundancy program.**



Little progress was made in implementing this strategy under SDP7/EPSP. However, fiscal pressures arising from the September 2005 wage settlement make this an imperative.

The government restructuring/downsizing process will aim at achieving cost efficiencies while simultaneously seeking better public policy formulation and implementation. It will also seek to minimize the social costs resulting from the creation of a public service in which there are “better jobs for fewer people”. Minimization of social costs requires successful implementation of complementary strategies that provide business development training and alternative employment opportunities for those who leave the civil service (see Strategy 3 below and chapter 6), as well as advice on the wise use of redundancy payouts.

The targets are to: (1) restructure government from 24 ministries and departments to 14 ministries; and (2) reduce the number of civil servants on the payroll from 4,400 at the beginning of 2006 to approximately 3,400 (excluding the Defence Force). These targets are to be met in 2006/07. Primary responsibility for implementation of Strategy 2 lies with the Public Service Commission (PSC), in coordination with PMO and the Ministry of Finance and Planning (MFP).

**Strategy 3: Strengthen the strategic policy development and implementation capacity of the Prime Minister’s Office.**

It has been observed that in many Pacific Island states there are no clear, established procedures guiding policy development that ensure cabinet submissions are consistent with governments’ priorities and strategies; and that if procedures exist, compliance is poor. Weaknesses in policy formulation often are matched by weakness in policy implementation, which partly reflects inadequate capacity at the level of prime minister/cabinet and in sector ministries.<sup>18</sup> Steps will be taken during the SDP8 period to assess the situation in Tonga and to initiate capacity building in PMO.

**Strategy 4: Formulate and implement a plan for outsourcing government services that encompasses capacity building for contract design, contract management and internal audit.**

Cabinet has approved in principle a policy of outsourcing government services. The policy objectives are to: reduce the cost of Government; strengthen the private sector; improve the quality of goods and services provided to customers; focus public servants on the core business of public policy; and reduce business risks to Government. Preliminary work on identifying Alternative Service Delivery (ASD)

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<sup>18</sup> T. Mellor and J. Jabes 2004. *Governance in the Pacific: Focus for Action 2005-2009*. Manila. Asian Development Bank, p.18.

options was completed in early 2005, and suggested that there are many opportunities to shift activities and staff from the public to the private sectors.<sup>19</sup> Some opportunities are sector-wide (security, cleaning, financial and management accounting, payroll, information technology maintenance, development and training, maintenance and property ownership); and some are ministry-specific.

The preparation and implementation of an ASD action plan will be guided by a Management Committee of Ministers and officials, with the Public Enterprise Division of MFP acting as a secretariat in consultation with PMO and PSC.

**Strategy 5: Formulate and implement new legislation and regulations governing procurement.**

In April 2003, Cabinet gave its approval for an assessment of government procurement of goods, works and services, in order to ensure compliance with the Generally Accepted Accounting Principles and to maintain an Asset Register for Government. A Government Procurement Committee subsequently formulated a procurement policy that was endorsed by Cabinet in August 2005. The policy document sets out guiding principles and mechanisms for carrying out procurement of different amounts. Procurement involving amounts in excess of \$100,000 are handled by a Bids and Awards Committee and a Procurement Committee. In the SDP8 period, enabling legislation will be developed and presented to Parliament. MFEP has responsibility, utilizing World Bank technical assistance.

**Strategy 6: Continue implementation of Public Service Commission programmes that facilitate improved performance in the public service.**

Programmes presented in *Public Service Commission Corporate Plan 2005-2008* cover implementation and review of new policies and procedures; implementation of the performance management system and skills development; provision of policy advice on human resource management; development and maintenance of an information and communication technology (ICT) system; customer service and relations; and recruitment and management of Heads of Departments.

These programs, as detailed in the corporate plan and associated annual management plan, retain their relevance for the SDP8 period – except that, as noted in chapter 1, the job evaluation and grading and remuneration policy introduced on 1 July 2005 was put on hold for two years in the wake of the public servant strike.

A review of HOD jobs and qualifications/skills requirements in late 2005/early 2006 will be followed by recruitment to positions on a five-year contract.

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<sup>19</sup> Price Waterhouse Coopers 2005. *Vinstar/Government of Tonga, Phase 1 Alternative Service Delivery: Approach and Early Wins*.

This is expected to improve the effectiveness of departmental leadership and management, which is essential to achieving improved public service performance. Related to this, technical assistance will be sought for the development of a PSC Senior Executive Management Program aimed at identifying and preparing suitable senior employees for higher level managerial positions.

Additionally, development of an ICT system will occur with reference to the regional Digital Strategy being formulated as part of the implementation of the Pacific Plan. This strategy focuses on improving access to communications technology; reducing costs; establishing higher bandwidth to the global ICT 'backbone'; removing inappropriate regulatory environments in order to foster higher levels of investment; and strengthening ICT skills. In this context, a National ICT Plan may be prepared with technical assistance from the South Pacific Applied Geoscience Commission (SOPAC).

#### **4.3.2.2 Public Financial Management**

**Strategy 7: Continue the process of strengthening public expenditure management through:**

- (1) development of regulations for the Public Finance Management Act;**
- (2) completion and application of the Finance Policy and Procedures Manual within Treasury Division, MFEP;**
- (3) improving the availability of timely, reliable and regular financial information as a basis for government decision-making, including through extension of GOTNET to all line ministries and the outer islands;**
- (4) decentralisation of financial management to line ministries;**
- (5) continuation and refinement of outcome-oriented programme budgeting, including the phased development of a medium-term expenditure framework;**
- (6) implementing the first stages of a long-term program of capacity building in MFP aimed at improving operational efficiency and effectiveness.**

In regard to (5) and (6), it is expected that a long-term, donor-funded Financial and Economic Management Program (FEMP) will be designed with AusAID assistance early in the SDP8 period. A core part of the proposed FEMP will be the development and implementation of a human resource strategy for MFP, which will underpin efforts to develop MFP capacity.

**Strategy 8: Continue implementation of the revenue reform program by:**

- (1) introducing a simplified, reduced uniform customs tariff through amendments to the Customs Act;**
- (2) introducing a new Income Tax Bill;**
- (3) consolidating and extending the operation of the computerized Revenue Management System in Revenue Services Department;**
- (4) continuing the institutional strengthening of Customs Administration.**

Introducing a uniform customs tariff with ceiling rates of 15% or 20% is an essential step in aligning Tonga's tax system with the requirements of accession to the World Trade Organisation (WTO) in late 2006. A simplified, uniform system eliminates the corruption associated with a complex, discretionary system and facilitates private sector development. This change will involve the introduction of excise taxes at uniform rates on imports and production of alcoholic beverages, tobacco products, mineral fuels and motor vehicles. Government is also planning to abolish Industry Development Licenses that provide duty-free concessions on a discretionary, case-by-case basis in favour of zero import duties on business inputs (capital goods and non-fuel intermediate inputs).

The Income Tax Bill provides for a simplification of personal and corporate income tax. Personal income tax reforms will (1) impose income tax on the worldwide income of Tongan residents, (2) abolish personal exemptions and (3) introduce a tax scale of 10% on incomes above \$5,000 and 20% on the excess of income over \$20,000. In regard to corporate taxation, a single uniform rate (of 20, 25 or 30%) will replace the current graduated scale that taxes non-resident companies more heavily than resident companies. An alternative minimum tax of 1% of gross turnover will be introduced for companies with an annual turnover exceeding \$100,000. Small businesses with turnovers under \$100,000 will be subject to a presumptive tax of 3% of annual turnover, with an option of being taxed on accounting profits. Provisional taxation and accelerated depreciation of plant and equipment will also be introduced in the Income Tax Bill.

Finally, the Income Tax Bill provides for withholding taxes on interest, dividend, royalty, insurance premium and management fee payments to non-residents, in order to prevent loss of revenue due to abusive taxation practices.

The automated Revenue Management System will be expanded to cover the administration of the new tax arrangements; and AusAID and NZAID assistance to institutional strengthening of Customs Administration will continue.

Responsibility for implementation of strategies 5 and 6 lies with MFEP, which will undertake a public consultation process on the proposed tax and tariff reforms, which will come into effect in 2007.

#### **4.3.2.3 Public Enterprise Reform**

**Strategy 9: Strengthen corporate governance in the public enterprise sector through enforcement of the Public Enterprise Act.**

**Strategy 10: Corporatise selected government commercial activities and privatize selected public enterprises.**

Improving corporate governance of public enterprises and corporatising and privatizing some government commercial activities and public enterprises are ongoing, integral components of public sector reform. Fiscal pressures that will be felt at the beginning of the SDP8 period add urgency to these tasks. Reducing government expenditure through corporatisation and raising revenue through asset sales potentially make significant contributions to the fiscal adjustment task.

In the interest of greater accountability and transparency of public enterprise operations, MFP will continue to encourage public enterprises to formulate statements of corporate intent and to meet their reporting obligations under the Public Enterprise Act. MFP shall also work with the relevant line ministries to clarify public enterprises' community service obligations and to provide for more transparent financing of these obligations, as initiated in the 2005/06 budget guidelines.

MFP will manage the corporatisation of the Post Office, Talamahu Market, the Tonga Chronicle, Fua'motu Airport and the Tapuhia Waste Management Authority.

Privatisation of Leiola Duty Free and Tonga Investment Ltd. will be finalised. Other privatization opportunities have been identified in the 2005 ASD report (see footnote 3 above) and include Tongatapu Machinery Pool, Tonga Timber, Tonga Print, and Tonga Corporation. Donor assistance will be requested to accelerate the privatisation process through reviewing management contracts, undertaking valuations and conducting sales. Receiving such assistance is essential, given the specific, technical nature of the work involved and difficulties in recruiting qualified staff to fill vacancies in MFP.

Asset sales shall be conducted for Sea Star Fishing Company and there will be a wind down, or solvent liquidation, of the International Dateline Hotel.

### 4.3.3 The Rule of Law

The maintenance of law and order is essential to good governance, sustained economic and social development and personal freedom. Historically, Tonga has been a place where lawlessness and disorder were alien concepts; but this is less and less true. As noted in chapter 1, crime is on the rise. Increasingly, people do not feel that their property is secure. Community consultations reported in chapter 2 also raised concerns about youth involvement in crime and drug abuse.

Table 4.2 shows the number of offences recorded increased in 2004 compared to 2003. The bulk of offences occur on Tongatapu, but the breakdown by region shows that there has been an alarming rise (from a small base) in Vava'u.

The most common criminal offence is offences against property, which accounted for 66.8% of all reported crimes in 2004. The most common non-criminal, non-traffic offence is drunkenness in public places. Female offenders, whose criminal activities prior to 2004 were limited to "economic offences" such as theft and obtaining money/property/credit by false pretences, have widened their activities to include crimes which were reserved for their male counterparts, such as assault, trespass, wilful damage, and forgery.

**Table 4.2: Offences Recorded**

Type of offences recorded - all districts	2003	2004	% increase
Criminal	2,600	2,990	15.0
Traffic	10,368	16,012	54.4
Other	1,473	1,823	23.8
<b>Total</b>	<b>14,441</b>	<b>20,925</b>	<b>44.9</b>
<b>District</b>			
Tongatapu	12,923	18,449	42.8
Ha'apai	395	321	-18.7
Vava'u	1,123	2,105	87.4
Statistical discrepancy		50	

Source: Minister of Police, Prison & Fire Services: Annual Report 2004.

Statistics indicate that the involvement of youth in crime is indeed a concern, supporting the views expressed in the community consultations reported in chapter 2. Sixty six percent of the 931 offenders who were convicted of criminal acts in 2004 were 25 years and under, with the 2 youngest convicted between 7 and 12 years of

age. Of the 981 offenders convicted of non-criminal acts, 62% were 25 years and under, the three youngest being in the 13-15 years age bracket. In 2002, 37.5% of drug offenders were aged 25 and under, but this increased to 47.2% in 2004. About 50% of female offences were committed by females aged 25 years and under.

Although conviction rates are low – in 2000-2004, only 28% of “true” cases of criminal offences led to convictions – the number of prisoners has increased beyond the capacity of the prison facility. Convicted burglars make up almost one-third of the prison population, which is a young one: 23.2% of prisoners in 2004 were under 20 years of age, 50% were in the 20-35 age group, 15.2% were between 36 and 45 years of age, and 11.2% were over 45 years of age.

The financial burden of crime is high for both the Government and the victims. Table 4.3 gives an estimate of the financial losses incurred by various victims of crime. However, there are also intangible psychological and social costs of crime – the loss of freedom, the loss of feeling secure in one’s own home and in the community at large, and even the fear of loss life. It is therefore vital to address the crime problem in Tonga to ensure that it is a safe and secure place to live in.

The capacity of the Tonga Police Force to meet the challenge of rising crime is limited by inadequate transportation and telecommunications, poor training facilities and standards, outmoded record-keeping practices, an absence of modern forensic skills and equipment, and an overall financial constraint. Despite these difficulties, the department has endeavoured to maintain law and order throughout the Kingdom, operating through offices in the districts and sub-districts.

During the SDP8 period, the Tonga Police Force will need to improve conviction rates through the adoption of modern forensic techniques and become more cost-effective through implementing a Community Policing Program that engages community resources in the fight against crime.

**Table 4.3 Losses Incurred by Crime Victims in 2004**

<b>Victims</b>	<b>\$</b>
Theft victims	3,346,549
Loss from town allotments & residences	1,012,640
Value of crops and produce lost	240,114
Theft from commercial & industrial buildings	1,333,616
<b>Total</b>	<b>5,932,919</b>

Source: Ministry of Police, Prisons & Fire Services, Annual Report 2004.

Computerisation could also improve the efficiency of the judicial system, which is perceived as independent and free of corruption.. Additional projects that may be investigated during SDP8 include construction of a new Court building in Tongatapu and renovation of the Government Store as a Bailiff Office.

The key strategies for improving law and order are:

**Strategy 11: Increase the efficiency and effectiveness of the Tonga Police Force by implementing a Community-Based Policing Program and upgrading technology used in crime investigation.**

**Strategy 12: Improve the functioning of the Ministry of Justice by computerising the Vital Statistics Office and the Courts, including in the outer islands.**

#### **4.3.4 Control of Corruption**

At present, there is no anti-corruption strategy or leadership code in place. The lack of a code will be addressed during SDP8, utilising support available under the governance initiatives of the Pacific Plan.

**Strategy 13: Formulate and enforce a Leadership Code.**

There are two oversight institutions whose effectiveness will be increased, namely the Office of the Commissioner of Public Relations and the Audit Department.

**Strategy 14: Strengthen the Office of Commissioner of Public Relations.**

The Office of the Commissioner of Public Relations was established under 2001 legislation to deal with public complaints about official actions and decisions. It has been restricted in its anti-corruption role by limited human and financial resources. Assistance for capacity building through training and work attachments has been provided by the office of the Commonwealth of Australia Ombudsman and will continue in the SDP8 period.

**Strategy 15: Strengthen the Audit Department of PMO by: (1) amending the Public Audit Act 1984 to support the Department's independence and widen its mandate; and (2) building expertise in performance and information technology audit.**

There is no independent audit function established under the Constitution. The Audit Department of PMO is subject to the same rules as all government departments, and reports to the Prime Minister (with audit reports going to the Minister of Finance under the Public Finance Management Act). A review of the Audit Department in July 2004 concluded that a Public Audit Bill proposed in 2002 but rejected by Cabinet needed to be amended through a consultative process and resubmitted. The review also identified capacity gaps in the areas of performance



audit and information technology audit. These issues are identified as priority concerns in the Audit Department's *Corporate Plan 2004/05-2009/10* and will be addressed during SDP8, with assistance under the above-mentioned FEMP.

**Strategy 16: Determine and gazette appropriate accounting and auditing standards, in order to improve transparency and accountability in financial reporting.**

It has been observed that while "Tonga does not have a consistent set of accounting and auditing standards ... [so that] ... the accounting and auditing profession is not regulated by any standards"<sup>20</sup>, government does have in place accounting standards which comply with the International Federation of Accountants. Consultation between MFP, Audit Department, the Tonga Society of Accountants and public accounting practitioners is needed to establish an agreed set of standards that are harmonised with standards set in Audit and Public Finance legislation.

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<sup>20</sup> *Tonga Financial and Economic Management Program Feasibility Study June 2005*, p.242.

## **5 Ensuring Macroeconomic Stability**

### **5.1 The Importance of Macroeconomic Stability**

Macroeconomic stability is a prerequisite for sustainable economic growth that raises living standards and reduces poverty. High inflation makes economic decision making difficult for citizens and the private sector, reduces international economic competitiveness, forces currency depreciation, and harms the poor in particular. Output and price fluctuations can arise from exogenous shocks such as a drop in the price of commodity exports or a rise in the price of oil imports; but they can also be caused by poor fiscal and monetary policies. It is a core role of government to ensure that its macroeconomic policies contribute to stability and do not themselves become a source of uncertainty. This role is reflected in SDP8's second goal:

#### ***Goal 2: Ensure macroeconomic stability***

### **5.2 Fiscal Policy**

As noted in chapter 1, the Memorandum of Understanding (MOU) of 3 September 2005 provided for payment in 2005/06 of 60% of the civil service salary rises granted. The total amount involved was \$21.9 million, which was covered in large part by \$7.1 million already appropriated, \$1 million from the Contingency Fund, and \$10.1 million in savings that involved canceling capital and program expenditure (\$5.4 million), freezing 899 vacancies that existed at 1 July 2005 (\$3.2 million) and cutting administrative expense-related items, machinery repairs and construction materials (\$1.6 million). This was evidence of a commitment to the maintenance of aggregate fiscal discipline while seeking to minimize the impact on government operations. Measures to cover the savings shortfall of \$3.7 million were taken in early February 2006, when Cabinet approved the deferral of all new appointments and incremental awards, cessation of all acting appointments pending further review and the substitution of non-monetary for monetary payment of overtime.

The projected budgetary outcome for 2005/06 is presented in the standard budgetary format in Table 5.1. In the following budget year, Government is fully committed to honouring the MOU. This requires paying the deferred 40% of salary increases from 2005/06 and the full 100% of the new salary scales. Assuming the 2005/06 savings measures are retained for the full fiscal year 2006/07, that there are no redundancies, and that non-wage current expenditure is maintained at the 2005/06 level, total expenditure would increase to \$164.9 million (Table 5.1). Revenue is projected to rise to \$151.1 million, but this still leaves an unacceptable deficit and real reductions in non-salaries current

expenditure that will impede public service delivery and the sustainability of public investment projects. Salaries would absorb 63% of total government spending in 2006/07 if nothing were done.

Fiscal policy thus must address the short-run budgetary consequences of the wage settlement and the medium-term task of re-aligning budget allocations so that policy priorities can be met.

**Table 5.1: Fiscal Outlook with Full Payment of Wage Settlement (\$m, no additional expenditure saving measures)**

	2005/06	2006/07	2007/08	2008/09
Revenue	142.0	151.1	156.8	165.6
Expenditure	142.0	164.9	159.5	165.6
Budget Balance	0.0	-13.8	-2.8	0.1*

Source: Ministry of Finance staff projections

\* Ministry of Finance staff projection subject to change

Note: A full explanation of the fiscal outlook summarised in the table is presented in chapter 13. Numbers are rounded to the first decimal place.

**Strategy 1: Maintain fiscal discipline and improve the strategic allocation of public resources by reducing the share of salaries in current expenditure** (refer Goal 1, strategy 2 in chapter 4).

The savings measures put in place in 2005/06 included reductions in travel and communication, maintenance and operations, purchase of goods and services and capital expenditure. The only realistic option for further savings measures in 2006/07 is civil service downsizing, and this is the option chosen by Government in March 2006. Implementation of strategy 1 above essentially involves implementation of governance strategy 2 in chapter 4.

It should be noted that the budget outcomes in Table 5.1 do not include the one-off cost of redundancy packages for 1,000 civil servants, which is estimated at \$37 million. In the interests of ensuring financial and balance of payments stability, it is government policy to fund this amount with limited recourse to domestic borrowing (see the fiscal outlook in chapter 13 for further details).

**Strategy 2: Ensure that Tonga's public external debt position remains sound.**

The net present value of public external debt stands at a sustainable level of about one-quarter of GDP. External borrowing policy is to ensure this outlook is not jeopardised.

### **5.3 Monetary and Exchange Rate Policy**

During the SDP8 period, the monetary authorities will adhere to the three key monetary policy objectives of (1) maintaining a level of foreign exchange reserves that covers at least 3 months of imports (c.i.f.), (2) promoting price stability and (3) promoting a sound financial sector.

The strategies to be implemented aim at enabling the National Reserve Bank of Tonga (NRBT) to do its job more effectively.

#### **Strategy 3: Strengthen the National Reserve Bank of Tonga by enacting the Amendments to the NRBT Act.**

The Amendments would increase the independence of NRBT, strengthening its balance sheet by transferring interest-bearing securities from MFP to NRBT and clarifying conditions for net profit transfer, and allowing for a more timely implementation of changes in the settings of monetary policy. Amendments would also require disclosure of fees and charges imposed by financial institutions.

#### **Strategy 4: Develop open-market operations as an instrument of monetary policy.**

In recent years, the ability of NRBT to conduct monetary policy using open market operations has been constrained by a weak balance sheet, and reliance has been placed on direct monetary instruments of limited effectiveness. Implementation of this strategy will remedy this deficiency.

#### **Strategy 5: Continue to manage the exchange rate to achieve the foreign exchange reserves target level.**

The value of the pa'anga has been set against a basket of trading partner currencies since 1991 in light of the balance of payments position and export competitiveness. According to the IMF Article IV Report of 2005, "the current basket arrangement has served Tonga well, providing the needed flexibility to preserve Tonga's official reserves in view of its vulnerability to natural disasters and terms of trade fluctuations, its weak fiscal discipline, and limited access to capital markets". During SDP8, this strategy will continue.

## **6 Promoting Sustained Private Sector-Led Growth I: The Business Environment**

### **6.1 The Importance of the Private Sector**

Tonga's private sector is the source of most domestic production and employment. The last census of population in 1996 showed that 56% of the employed worked as unpaid family workers or for themselves, primarily in agriculture, fisheries and handicraft manufacture; and that a further 19% were private sector employees in the formal sector. Government full and part-time employees accounted for about one-quarter of the employed. Creation of income-earning and employment opportunities in the formal and informal private sectors therefore is essential to increasing living standards – especially since there is little prospect of finding long-term employment in the public service for the currently unemployed and the new entrants to the labour force.<sup>21</sup>

The private sector's performance is also an important determinant of public sector capacity because it is private sector activity that ultimately is the source of taxation revenue and the donations received by the churches and voluntary organisations. Without strong private sector-led economic growth, it is not possible to support improvements in public service delivery and reduce dependence on aid and remittances.

This chapter presents strategies that will be implemented during SDP8 in order to achieve *Goal 3: Promote sustained private sector-led economic growth*. Other relevant strategies on outsourcing of government services, tax and tariff reform and public enterprise reform were presented in chapter 4.

### **6.2 Private Sector Development Policy**

In the past, the Government has become involved in owning and running businesses, many of which have required ongoing subsidies from the budget, and Ministries have become engaged in service provision that is outside their core functions. Under the Industrial Development Incentives Act 1978, there also has been an attempt to encourage economic development through the discretionary issuing of Development Licenses, which provide tax and import duty exemptions for lengthy periods.

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<sup>21</sup> Statistics Department labour surveys reveal that the unemployment rate increased from 2.3% in 1990 to 5.2% in 2003, with the youth unemployment rate rising from 8.3% to 11.9%. Statistics Department demographic projections for 2005-2010 suggest the working age population will increase at an average of 588 persons per year. Each year about 1,000 students leave school (exclusive of dropouts).

The Economic and Public Sector Reform Programme (EPSRP) was founded on a new development philosophy, namely that:

- Government should not be involved in running – often unprofitable – businesses in areas where private business could operate, provided that competition or regulation ensured consumer interests were protected
- Government should explore the option of subsidising the private sector to meet community service obligations such as providing transport to the Niuas, rather than running a public sector operation, and
- Government should promote private sector development by providing a stable macroeconomic environment, investing in physical infrastructure, improving the legal and regulatory framework within which business operates, and investing in education and health, rather than by trying to pick winners and offering special incentives on a discretionary basis. (Reports evaluating the IDI Act concluded that it is an inappropriate and ineffectual means of promoting private sector development, and has been costly in terms of foregone government revenue).

In line with this philosophy, the Government will continue in the SDP8 period with a program of public enterprise reform (chapter 4); of open tendering of subsidized services (including transport services to the Niuas); and of outsourcing services (chapter 4). This chapter focuses on strategies in the areas of the regulatory framework, business development (including youth micro-enterprise development) and development of infrastructure and utilities services. It also addresses urban management. In all of these areas, an overarching strategy is:

**Strategy 1: Engage in policy dialogue with the private sector.**

As observed in chapter 2, while due acknowledgement is given to recent government-private sector consultations, the private sector feels that there is a need for government to engage the private sector in discussions of policy initiatives in a timely and transparent manner. Government accepts that a better partnership between the public and private sectors should be fostered during the SDP8 period, in order to reach consensus on required actions and appropriate roles for each sector. This does not mean that Government abrogates its responsibility to act in the public interest. In particular, promotion of competitive markets (including regulation of private monopolies) is essential to protecting consumer interests and ensuring long-term job creation.

In the context of implementing Strategy 1, there is a specific need for Government to send a clear message that its private sector development philosophy will be followed in a predictable and transparent manner. Private sector consultations conducted for SDP8 suggested that, from a private sector perspective, sometimes conflicting policy statements and actions emanated from Government and that policy statements were not always followed up with legislation and effective implementation of that legislation.

### 6.3 The Regulatory Framework

The regulatory framework includes policy development, the laws and amendments and accompanying regulations that implement the policies, and the administration of these laws and regulations. Reform of the regulatory framework governing the private sector can stimulate private sector development in a number of ways:<sup>22</sup>

- Creating greater certainty and transparency about laws and their administration and enforcement, which reduces opportunities for corruption (for example, simpler tax laws that reduce compliance costs)
- Removing or reducing barriers to market entry (for example, simpler procedures for starting a business)
- Protecting the interests of businesses (for example, laws against unfair competition)
- Creating more certainty over property rights to encourage investment (for example, introducing laws to allow use of movable property as collateral for loans)
- Encouraging greater competition in markets.

Action in these areas can reduce the cost of doing business, encouraging new entries into markets and expansion of existing businesses.

For “Ease of Doing Business” overall, Tonga ranks 36<sup>th</sup> of 155 countries covered in the World Bank’s 2005 survey for Doing Business in 2006. This aggregate ranking is based on ten aspects of opening, operating and exiting a business as prescribed by law and regulations and assessed by in-country legal and accounting experts. Table 6.1 shows Tonga’s ranking in each of these areas. The lowest rankings are in the linked areas of property registration, contract enforcement and obtaining credit; but there is room for improvement in most areas.

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<sup>22</sup> Fiona Ey 2005. *Regulatory Reform in Pacific ACP States*. Report to the Forum Economic Ministers’ Meeting, Funafuti, Tuvalu 7-9 June 2005. Suva: Eco-Consult Pacific, p.5.

**Table 6.1: Doing Business in Tonga**

<b>Indicator</b>	<b>Ranking (out of 155 countries)</b>
Starting a Business	17
Dealing with Licenses	28
Hiring and Firing	2
Registering Property	100
Getting Credit	126
Protecting Investors	47
Paying Taxes	17
Trading Across Borders	27
Enforcing Contracts	132
Closing a Business	75

Source: <http://www.doingbusiness.org/ExploreEconomies/Default.aspx?economyid=188>.

The Government initiated a program of regulatory reform under EPSRP, which was aimed at reducing the costs of doing business and was developed with assistance from the World Bank and its affiliated Foreign Investment Advisory Service (FIAS). During SDP8, this program will continue with World Bank assistance under the leadership of a high-level Task Force, which will invigorate an ongoing process of seeking improvement in all areas of doing business, so that Tonga can move from being regionally competitive to being internationally competitive. The Task Force was established on 25 January 2006 with 50/50 public and private sector membership.

**Strategy 2: Act on recommendations of the Task Force for the Implementation of Regulatory Reform.**

One general area in which action is needed is the completion of initiatives taken under EPSRP.

**Strategy 3: Implement the Foreign Investment Act 2002.**

**Strategy 4: Complete the drafting and review of regulations for the Business Licenses Act 2002 and implement the legislation.**

**Strategy 5: Repeal the Industrial Development Incentives Act 1978.**

Assessments and recommendations in regard to these strategies, and the related issue of work permits and visas, have been made under the Ministry of Labour, Commerce and Industries/FIAS Administrative Barriers project; but legal drafting assistance to Crown Law may be required to facilitate timely implementation.



**Strategy 6: Continue to implement trade liberalization and trade facilitation policies in accordance with multilateral and regional trade agreements.**

A major initiative to be completed in line with trade liberalisation policy is membership of the World Trade Organisation, which is planned for late 2006, and which is consistent with Tonga's involvement in the Pacific Island Country Trade Agreement (PICTA) and the Pacific Agreement on Closer Economic Relations (PACER).

**Strategy 7: Pass and implement the Trade and Investment Bill.**

Finally, legislation was drafted in 2005 that aims at facilitating trade and investment in Tonga through the establishment of a Foreign Trade and Investment Board along the lines of that operating in the Fiji Islands.

The Ministry of Labour, Commerce and Industries (MLCI) is the agency with primary responsibility for implementation of the above strategies.

Priority areas for investigation by the Task Force on regulatory reform include:

- (1) **Employment.** Although Tonga is ranked second on the Doing Business Hiring and Firing indicator, there is no labour market legislation in Tonga. Legislation is currently at Crown Law.

**Strategy 8: Pass and implement the new Employment Bill.**

Additionally, the private sector points to work permits and visas for foreigners as a major issue. At present, business visas must be renewed every two years. The Ministry of Foreign Affairs shall be investigating a proposal to extend this to 10 years during the SDP8 period.

**Strategy 9: Investigate the extension of the business visa from 2 to 10 years or more and make necessary legislative amendments.**

- (2) **Property.** At present, hereditary estates (*tofi'a*) that account for two-thirds of Tonga's total land area may not be sold, but up to 5% may be leased with Cabinet approval and, in the case of foreigners, a permit from the Minister of Lands. Tax and town allotments (*'api*) granted from hereditary estates and Crown land to male Tongan subjects cannot be sold either; but tax and town allotments may be leased for up to 20 and 99 years, respectively, with Cabinet approval and, again

in the case of foreigners, a permit from the Minister of Lands. There has been no land available for allocation of allotments for several decades, so that many Tongan males between around 20 and 45 years of age have had to rely on subdivision of relatives' holdings, leasing of others' land, or alternative economic activities. Simultaneously, the number of absentee landholders has grown, with the result that some fertile land lies idle, potentially indefinitely under current legislation.

The Doing Business Registering Property indicator shows that it takes 4 steps and 108 days to register property at a cost of 10.3% of overall property value. The time and cost are about double that of the average for the Asia Pacific region.

There is a need to address land issues if private investment is to be encouraged, particularly foreign investment in large-scale projects in key sectors like tourism. The Ministry of Lands, Survey and Natural Resources, *A Road-Map to Success, Corporate Plan 2003-2006* (p.5) notes: "Future initiatives will involve the review of existing terms and conditions for commercial land lease to encourage the growing demand for foreign investment in Tonga." This is a long-term process to be initiated during the SDP8 period with the following strategy. It is acknowledged that the issue of 20 year leases of tax allotment land is a fundamental outstanding issue to be addressed in the future.

**Strategy 10: Review and implement transparent and consistent administrative processes relating to the processing and registration of applications relating to land tenure.**

- (3) **Contract Enforcement.** This Doing Business indicator shows that it takes 30 steps and 510 days to enforce contracts in Tonga, at a cost of 47% of the debt. The time involved is long by comparison with the regional average, and all three elements of the indicator fall well short of the average for countries in the Organisation for Economic Cooperation and Development. The time it takes to enforce contracts through the courts is one of the areas for review by Working Groups established by the Task Force on regulatory reform.
- (4) **Closing a Business.** Similarly, the time and cost to resolve bankruptcies could be reviewed: the Closing a Business indicator shows that this process takes 2.7 years in Tonga, costs 22% of the estate value, and results in claimants receiving 25.1 cents in the dollar from the insolvent firm.

Finally, consideration will be given to reviewing and amending price control and competition legislation during SDP8. Under the Price and Wage Control Act 1947, a committee made up of three Ministers, three private sector representatives and the Secretary of MLCI controls the prices on a cost-plus basis of a range of food products, petroleum products and insecticides and pesticides. There is cause for concern over the extent and efficacy of this price control, given that much of it applies to tradable products available in competitive markets, and that it is not clear that control creates net benefits to the population. In principle, price control should focus on markets that are not workably competitive or contestable (through imports for example), and should be imposed only when the cost of imposing control will be outweighed by the benefits. When there are concerns that the poor may be disadvantaged by prices charged for essential goods, direct and transparent assistance can be provided, rather than relying on imposition of a general ceiling on prices that distorts price signals, deters investment by existing firms and discourages new firms from entering the market.

**Strategy 11: Replace the Price and Wage Control Act 1947 with modern price control legislation under which all monitoring and control of prices is conducted (including utility prices).**

The Consumer Protection Act 2000 usefully provides regulatory frameworks covering safety and quality standards for goods, prohibition of misleading conduct in trade, and warranties in consumer contracts. However, it also prohibits exclusive dealing (defined as an agreement that goods will not be sold to or bought from a third party), price discrimination if this would “substantially lessen” competition in a market, and the misuse of market power by a firm that is “in a position substantially to control a market for goods or services”. The Protection Against Unfair Competition Act 2002 defines a number of activities to be “an act of unfair competition”, but does not provide for any specific consequences and potentially places firms engaging in normal competitive activity at risk of facing accusations under the Act (for example, that aggressive competitive behaviour will damage the goodwill or reputation of an enterprise).

Interpretation of the prohibitions in the Consumer Protection Act is a relatively complex matter, requiring a regulator with the necessary expertise and resources and courts with the capability to apply the law when disputes arise. Enforcement of the prohibitions could deter competitive activity, placing the onus on firms to demonstrate that they are not misusing market power or substantially reducing competition. At the same time, there is no explicit

prohibition of price fixing, which can simply be made a criminal fraud offence, thus avoiding the need for a separate regulator and sophisticated competition law expertise.

**Strategy 12: Review existing competition law with a view to introducing a prohibition on price fixing and eliminating any unnecessary competition prohibitions.**

#### **6.4 Business Development Services and Micro-Enterprise Development**

During the SDP8 period, it is anticipated that outsourcing of government services will provide business opportunities for the private sector, and that downsizing of the public service will put a number of ex-government employees into the labour market. Existing business advisory and training services therefore are expected to be in increased demand.

At present, these services are provided from a number of sources. The Tonga Development Bank operates in all regions of Tonga and supports its medium to long-term lending with some business advisory services. MLCI provides training programs and other support services (job search, interview skills), often with donor support. The Ministry of Education coordinates vocational education and training for ministries and the Chamber of Commerce and Industry, though the Tonga Visitors' Bureau is not included; and the Ministry of Agriculture and Food provides extension services throughout Tonga.

A three-year, ADB-funded Business Development Services Project has operated under MCLI and established Business Facilitation Units in Nuku'alofa and Neiafu (Vava'u), which draw on local providers of training in marketing, customer service, bookkeeping and accounting, stocktaking and business management. This project is scheduled for completion in June 2006, but Government will seek its continuation with donor assistance.

**Strategy 13: Continue and strengthen the provision of business development services.**

In addition to supporting the provision of business development services to micro, small and medium-sized enterprises, the Government supports the formulation and implementation of programs for the development of youth micro-enterprises. The Tonga National Youth Congress offers a range of relevant schemes, including microfinance and a future farmers' program; and a five-year US Peace Corps Community Micro-Enterprise Development project aimed especially at women and youth in small communities is scheduled to commence

in July 2006. During SDP8, it is anticipated that a youth micro-enterprise development project will be formulated and implemented with ADB support.

**Strategy 14: Design and implement a countrywide program for the development of youth enterprises.**

## **6.5 Infrastructure Development**

Inefficient and costly infrastructure diminishes access to basic social services and markets and increases business input costs. Government is therefore committed to upgrading and maintaining infrastructure throughout the country and improving access to efficient and reliable utilities services (telecommunications, electricity, and water), insofar as resource availability permits.

### **6.5.1 Road Transport**

It is the purpose of the Ministry of Works and Disaster Relief Activities to develop and maintain a high quality, efficient and sustainable road infrastructure network that is safe and accessible. Parts of the road networks in Tongatapu, Vava'u, Ha'apai and 'Eua were upgraded in the late 1990s with financial assistance from JICA and ADB, but the subsequent increase in motor vehicles adds to the major challenge of road improvement and maintenance, which is a core objective of the Ministry of Works and Disaster Relief Activities.

During SDP8, road construction will be either donor or loan funded or co-funded by communities and the Ministry of Works. Government also has approved the establishment of a Road Fund to support proper management of road network assets. The road development program during SDP8 will include the upgrading of Vaipua Bridge and the construction of a new bridge across Fanga'uta Lagoon. The bridges will reduce costs for motorists and alleviate peak-hour traffic congestion in Neiafu and Nuku'alofa. The bridges would be self-funding through the introduction of toll fees.

**Strategy 15: Implement the National Road Development Programme; establish a Road Fund to support proper asset management; and upgrade Vaipua Bridge, Neiafu and construct a bridge across Fanga'uta Lagoon, Nuku'alofa.**

### **6.5.2 Sea Transport and Ports**

Internal sea transport services currently are provided by private sector operators and the government-owned Shipping Corporation of Polynesia Ltd.,

with the latter providing a subsidised service to the Niuas. The Shipping Corporation's inter-island vessel is ageing and uncompetitive and will be replaced during SDP8 subject to availability of Japanese grant finance. The Corporation's barge is dysfunctional and a Chinese-funded replacement will be sought. The feasibility of establishing a dry dock and ship repair facility and improving fuel storage will be examined.

**Strategy 16: Upgrade inter-island sea transport services by introducing a new ferry and a new landing craft.**

Management of the Nuku'alofa port is the responsibility of the Ports Authority. The Authority's three-year operating plan lists 10 projects for which external funding would be required, including upgrading of the Queen Salote wharf so that it can berth more than one international vessel. Management and development of ports in the 'Eua, Vava'u, Ha'apai and Niua island groups is the responsibility of the Ministry of Marine and Ports (absorbed into a new Ministry of Transport in 2006), which is also responsible for the administration of legislation governing safety at sea, marine pollution, and obligations of shipping companies and ships' crews. The Ministry and the Shipping Corporation have prepared lists of port improvement development priorities to guide allocation of resources during SDP8.

**Strategy 17: Upgrade and maintain ports throughout Tonga, giving priority to installation of new, and replacement of deficient, navigational beacons and markers.**

### 6.5.3 Air Transport

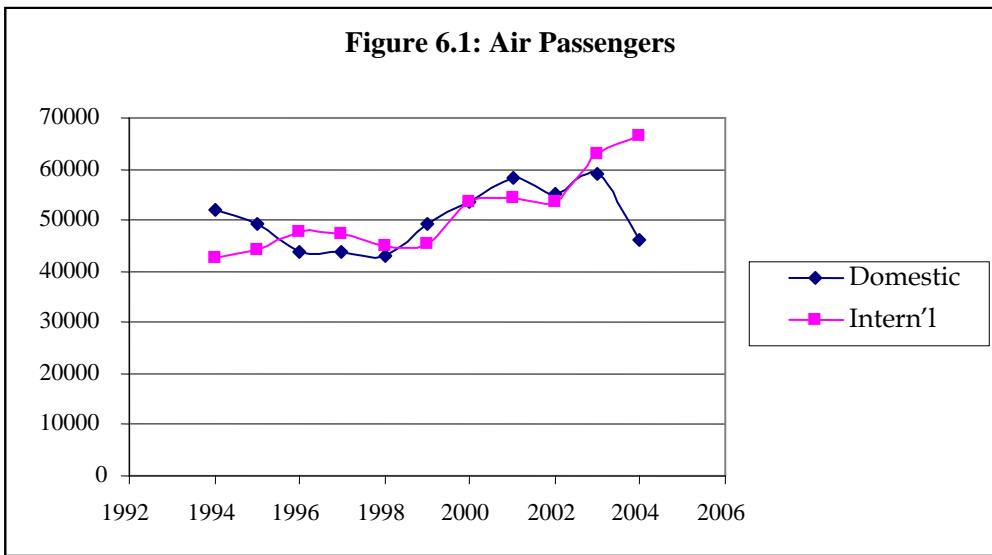
It is the overall corporate purpose of the Ministry of Civil Aviation to "foster an accessible, affordable and reliable air transport system for the people of Tonga". The international passenger traffic has grown at the average annual rate of 4.1% in 1994-2004 (Figure 6.1); and international air transport links were strengthened in late 2005 by the commencement of Pacific Blue flights. Domestic passenger traffic has grown more slowly and slumped in 2004 with the demise of Royal Tongan Airlines and the temporary absence of internal air transport services. As noted in the Ministry of Civil Aviation's *Corporate Plan 2005-2008*: "The political, social and economic impact was devastating".

Throughout the SDP8 period, and following its incorporation into a new Ministry of Transport, Civil Aviation will continue to fulfil its core functions of (1) developing aviation safety policies and regulations; (2) develop air transport

policies on civil aviation and airports to ensure orderly development of international and domestic civil aviation; and (3) investigate accidents and incidents in order to eliminate deficiencies in the system. The corporate emphasis will be on moving out of most operational areas in order to focus on regulatory functions.

Airport Terminal services were tendered out to the private sector on a 10 year concession in 2004; and in the short to medium term, priority will be given to improving domestic air services through corporatisation of airports and opening the market to competition. Two domestic airlines were operative from late 2005.

**Strategy 18: Improve domestic air services by consolidating the corporatisation of airports and ensuring continuity of service provision.**



Source: Ministry of Civil Aviation, Corporate Plan 2005-2008.

Other strategies in the transport sector may be formulated and implemented during SDP8 on the basis of Government's response to wide-ranging recommendations in the World Bank's 2005 study, *Tonga Transport Sector Review, Final Report*.

## 6.6 Urban Management

Population growth in the Nuku'alofa urban area has led to increasing pressure on land and basic services and generated social and environmental

health problems, particularly in low-lying areas. An AusAID-supported Waste Management Project has begun that involves construction of an engineered sanitary landfill, improvements to waste collection systems and community awareness programs. However, in the absence of a municipal authority, there has been no urban planning. Rather, there have been ad hoc interventions by individual government agencies responsible for water supply, building permits, roads and drainage, sanitation. While continuing implementation of existing projects, this planning deficiency will be remedied during SDP8 through the ADB-supported development of an urban planning and management strategy.

**Strategy 19: Implement and ensure sustainability of the Nuku'alofa Waste Management Project.**

**Strategy 20: Develop an urban planning and management strategy for Tonga and formulate an investment project for development of urban areas.**

## **6.7 Utilities Services**

### **6.7.1 Electricity**

An affordable, reliable power supply is basic to economic and social wellbeing and an important determinant of business costs. In 1997, after a decade of increasing electricity consumption, power was unreliable and relatively high cost (\$0.36 per kilowatt hour), because of rundown generation and distribution systems. In 2005, and following rapid growth in electricity consumption, power supply is relatively reliable and priced at \$0.565 per kilowatt hour, which in 1997 prices is \$0.33 per kilowatt hour, but which is still relatively high following a November 2004 nominal price rise of 24% caused by a rising oil price.<sup>23</sup>

The private monopoly, Shoreline, has undertaken major investment in increasing generating capacity and upgrading the distribution system, realising efficiency gains in generation and reductions in line power loss to 11%. Further expansion of generating capacity and upgrading of the distribution system are planned for the short term, and cost efficiencies through use of marine instead of automotive diesel are under consideration. Over the medium term alternative energy sources (windpower) are being investigated.

The Tonga Electric Power Board (TEPB), once the power generator and distributor, currently serves as the regulatory body for the electricity sector and is engaged in establishing a benchmarking formula for tariff setting. The Board

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<sup>23</sup> Government has subsidized consumers to the extent of this price rise for the first 200 units of electricity consumed. Government also has granted duty exemptions on imported fuel to the electricity sector, as noted in chapter 1.



sets and enforces safety standards; and it has the power to issue licenses for electricity generation, though Shoreline's permission is required under the 10-year franchise agreement entered into in 2003. Shoreline is required, in accordance with its electricity licence, to get the approval of TEPB for all prices and price changes. Amendments to the Tonga Electric Power Board Act were made in 2002 and 2003 as TEPB's role changed, but an assessment of the adequacy of the regulatory framework is needed, particularly in order to ensure consumer interests are protected.

**Strategy 21: Update the Tonga Electric Power Board legislation to facilitate regulation of safety and technical issues and competition in generation (refer strategy 11 on price regulation).**

### 6.7.2 Water

The Tonga Water Board Act 2000 established the Tonga Water Board as a public enterprise and provided a modern regulatory framework. TWB's functions are to act in conformity with Government's economic, social and environmental policies and the principles of sound commercial practice, and to:

- Provide water supply services for domestic, stock, horticultural, industrial, commercial, recreational, environmental and other beneficial uses
- Provide services effectively and economically.

TWB's water network covers the Nuku'alofa urban area and urban areas in Vava'u, Ha'apai and 'Eua, with rural and regional populations relying on rainwater supplies, village water committees and bottled water. The Nuku'alofa system was improved in 2001-03 through a Japanese-funded project focussed on installing larger main pipes; but main water production capacity and customer connection piping still need upgrading, with system water losses running at 30-35%. TWB follows World Health Organisation guidelines on drinking water standards, and has the power to set tariffs. In 2005, these were set at \$1.51 per 1,000 litres for Nuku'alofa and \$1.52-1.53 elsewhere, which is low by most regional standards and reflects consumer and Board pressure to keep prices down, even in the face of a rising oil price. Revenue generated is sufficient to maintain the network, but does not meet the TWB Act's requirement for a "reasonable" return on investment. Reliance must be placed on donor funding for network extension and upgrades.

The funding constraint faced by TWB is in part a result of its attempt to balance conflicting commercial and social objectives. Water pricing policy needs

to make the trade-off explicit by establishing what the cost of fulfilling any community service obligations is. Any proposed donor-funded extension of the water network should consider the alternative project, which is water supply through village committees and household rainwater tanks. Meeting TWB's mission "To provide water supply services that satisfy our customers' expectations in an economically and environmentally sustainable way" involves two strategies. Strategy 23 has secured external funding from the Danish International Development Agency, DANIDA.

**Strategy 22: Review water pricing by the Tonga Water Board to clarify the cost and appropriateness of holding the price at a level below that which generates a commercial rate of return.**

**Strategy 23: Complete a full upgrade of the Nuku'alofa and Vava'u water supply systems.**

### **6.7.3 Information and Communications Technology<sup>24</sup>**

Since 2001, the telecommunications sector has expanded and costs of telecommunication services have dropped to a low level by regional standards because of competition between the sector's two enterprises. Tonga Communications Corporation (TCC) is a public enterprise providing a fixed line network, a mobile network, an international calling operation and an Internet Service Provider (ISP); and it must fulfil the Universal Service Obligation of providing services throughout the country. TCC also provides public services such as emergency calls, payphones, operator assistance and co-operation with law enforcement agencies. Shoreline Communications Ltd, trading as TonFon, offers a mobile service, cable television, international calling and an ISP.

The regulatory framework for the sector is provided by the Communications Act, which is administered by the Department of Communications. The Department has the functions of: (1) issuing licenses; (2) approving price changes according to a public interest test; (3) technical regulation, including technical standards and spectrum management; (4) enforcing a number of prohibitions on anti-competitive behaviour and collusive agreements; and enforcing access requirements, including conducting the arbitration of interconnection disputes. The overall objective expressed in an *Information and Communications Technology Policy Statement* of 2001 is:

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<sup>24</sup> See also ICT discussion in 4.3.2.1.

*To improve sector performance to ensure domestic and global connectivity throughout the Kingdom of Tonga. This includes improving quality of service, geographic coverage, service affordability and access to new service applications.*

The policy statement further observed that licensing of a second full service provider was “considered as the first stage in a wider liberalisation process, and that further new entrants may be permitted, on a discretionary basis.” However, the Department’s practice has been not to issue any new licenses on the grounds that, even if a potential entrant meets all technical, safety and social policy requirements, the telecommunications market is too small to support more than two enterprises. This is a position that will be subject to review during the SDP8 period, since the general presumption of Government’s private sector development philosophy is that consumer preferences expressed in competitive markets are a better guide to what is viable than government officials.

**Strategy 24: Formulate and implement a policy to guide the Department of Communications when considering applications for telecommunications licences (refer strategy 11 on pricing regulation).**

In the field of public broadcasting, the Tonga Broadcasting Commission (TBC) will continue to be governed by the Public Enterprise Act. Consideration may be given to privatizing TBC.

## 7 Promoting Sustained Private Sector-Led Growth II: Agriculture, Forestry, Fisheries and Tourism

Agriculture, fisheries and tourism are key economic sectors that can make major contributions to achieving two of SDP8's goals – *Goal 3: Promote sustained private sector-led economic growth*; and *Goal 4: Ensure equitable distribution of the benefits of growth*. During the SDP8 period, Government will encourage the identification of new opportunities in these sectors and will continue to support sector development through improving the general private sector enabling environment (as detailed in chapter 6) and through sector-specific policy interventions.

### 7.1 Agriculture

#### 7.1.1 Background

Agriculture is the principal sector of the economy. It contributes about one-quarter of GDP; supplied 60% of total merchandise exports in the period 1998/99-2003/04 (fish supplying 34%);<sup>25</sup> and is the main source of livelihood for much of the population. The Agricultural Census 2001 revealed that 64.2% of 15,738 households were agriculturally active, with 59.0% of these engaged solely in production for home consumption, 38.6% engaged in subsistence production with some supplementary production for sale, and 2.4% involved in commercial production. The vast majority of non-agricultural households (85%) were, as expected, on Tongatapu, relying on local markets for agricultural products. Four in five households in Tonga kept livestock (cattle, pigs, horses, goats, chickens and ducks) for home consumption, gift giving, or sale.

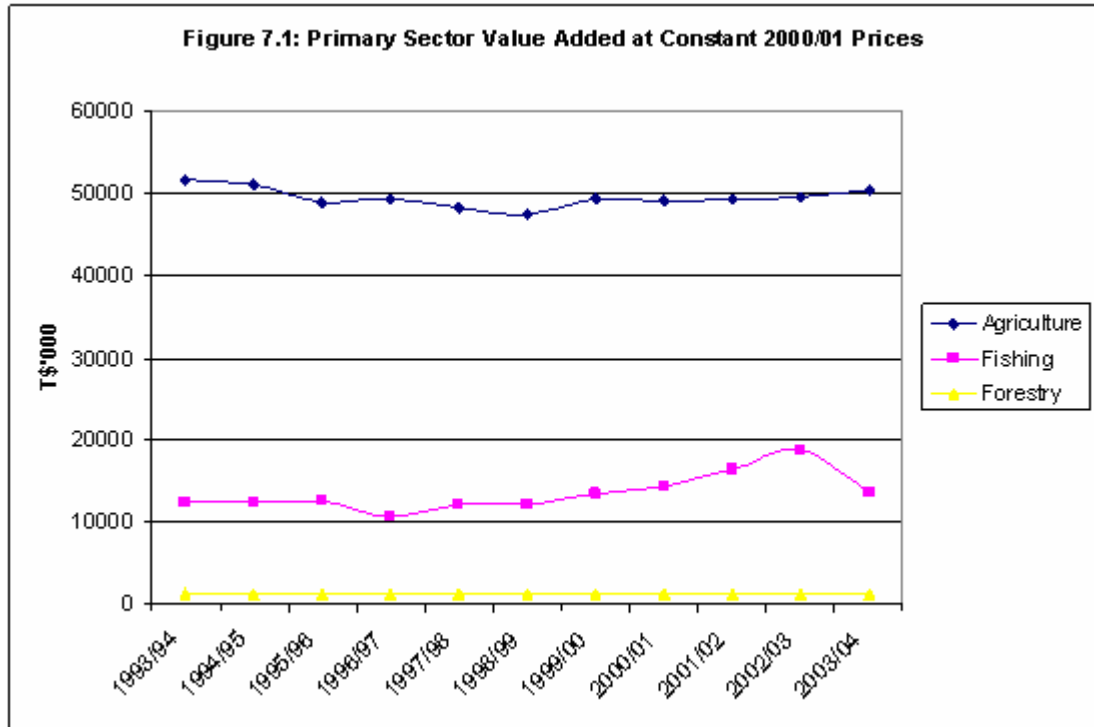
Although it remains a vitally important sector, growth in agriculture has been slow (1% per annum in 1993/94-2003/04); and it has been subject to considerable year-to-year variation as a result of commodity price fluctuations and weather conditions (Figure 7.1). Slow growth with fluctuations is the story for both non-marketed production and production for domestic and export markets, as Figure 7.2 shows.

The Government recently has guaranteed loans by squash export companies to support squash growers confronting a difficult 2003/04 season, and who in addition are potentially vulnerable to competition from other producers in the niche Japanese market that is open in December-January

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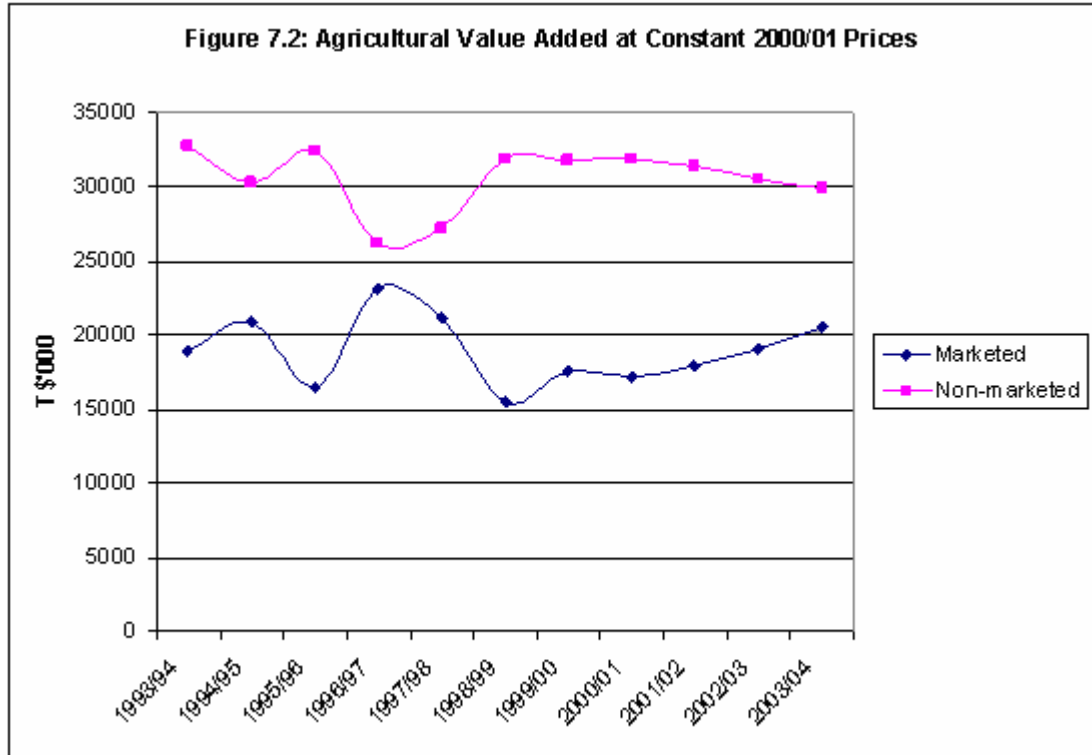
<sup>25</sup> There are also significant non-recorded private exports of various commodities, particularly root crops, to relatives and friends overseas.

(between the end of domestic production in Japan and supply to the Japanese market by New Zealand producers). Vanilla producers similarly confront substantial price fluctuations, while kava producers suffer from the ongoing closure of the European market. Production volumes of root crops, vegetables and fruit also exhibit considerable year to year variation.



Source: Statistics Department.

If agriculture is to become an engine for growth, there will need to be an increased emphasis on commercial production, and further diversification of the production base in order to reduce risk, bearing in mind that the subsistence sector also might need assistance in raising productivity. Tongan farmers have shown an ability and willingness to diversify production in response to price signals, but such diversification needs to be combined with sustained, faster growth in *total* agricultural production.



Source: Statistics Department.

Achievement of a sustained increase in total production is not generally constrained by land supply. There is widespread farming activity on leased land and a substantial amount of unused land: of the 6,665 rural tax allotments covered by the 1993 Land Use and Crop Survey, only 42% were farmed by their legal owners and 58% were farmed by lessees, with just 2% of leases being formally registered; and less than half of all tax allotments were actually being farmed. In the Agricultural Census 2001, it was reported that 36% of tax allotments were farmed under informal lease arrangements; that 11% had been unfarmed for over 5 years; and that 35% had lain fallow for up to 5 years.

Of the existing crops, vanilla integrates well with agro-forestry and inter-cropping systems and is a relatively high-value-low-volume commodity that is easy to handle and transport.. Potential exists for some diversification in vanilla production. Current exports are of the variety used for food flavoring, but there is also an international market for Vanilla Tahiti, which is a higher-priced variety used in the production of fragrances. This variety has been tissue-cultured by a private entrepreneur in Tongatapu with the intention of providing planting material to growers.

Kava is a crop that also integrates well with the local agricultural system and, in powder form, is a commodity that is relatively simple to store and transport. Root crops could become more significant exports following

Government investment in two blast freezers, while the future of coconuts lies in the domestic rather than export market. Prospects for increased exports of breadfruit, tomatoes, capsicum, eggplant and pawpaw to New Zealand have been enhanced by recommissioning of the High Temperature Forced Air facility at Fu'amotu Airport; and the Ministry of Agriculture and Food, Forests and Fisheries (MAFFF) has identified sweet yam, aloe vera, Japanese taro, Chinese vegetables, buttercup, nonu, and bananas as crops with potential.

Adding value through processing of agricultural crops is an area that warrants examination as a means of income and employment creation. Economically efficient agro-processing can increase the capacity to compete in world markets by lowering the relative transport costs of lower-volume but higher-value commodities. The recent development of the coffee industry shows how MAFFF can have a catalytic role by undertaking research and demonstration work and then engaging the private sector by returning demonstration plots to growers. The private South Seas Coffee Company has stimulated the expansion of planting and processes high quality Arabica coffee beans for market. Trials for producing vanilla coffee were successful.

The general lesson regarding the public sector-private sector partnership in agriculture is that the public sector appropriately can provide public goods such as research, extension, quarantine, regulation, marketing information and physical infrastructure, but that full commercial development of crops shown to be technically viable requires private entrepreneurship. One potential project worthy of investigation could be the production of dried fruits which, compared with fresh fruits, are immune from deterioration in the event that transport is delayed. Whatever the project, each must be treated in accordance with its own technical, economic and market requirements.

### **7.1.2 Agricultural Policy**

Government's agricultural policy objectives are to: (1) increase and diversify commercial agricultural production throughout the country for domestic sale, import substitution and export; and (2) ensure food security based on traditional farming systems.

The development of commercial, export-oriented agriculture is best promoted by ensuring the existence of a business environment that is conducive to private-sector activity. This requires transparent licensing and other regulations where these are needed, predictability of application of the rules, and simplicity in administration, monitoring and compliance.

Ensuring food security involves providing farmers with advice and technologies that introduce new crop varieties and improve yields of key food crops, as well as promoting healthy diets.

Within this context, effective agricultural development policy — reinforced by budget constraints during the SDP8 period — requires that MAFFF focuses on the core activities of research, extension, regulation, quarantine and provision of market information. Any involvement in commercial activities should be confined to areas where commercial services are demanded but are not supplied by the private sector because it is not financially viable to do so. For example, provision of tractors in outer islands is a valid community service obligation.

As reported in chapter 1, MAFFF already has made substantial progress in moving away from commercial activities and towards a focus on delivery of core services. However, as noted in the Ministry of Agriculture and Food's *Corporate Plan 2004-2007*, feedback from consultations indicated that there is an urgent need for the Ministry to improve the quality and timeliness of service delivery to its clients. Community consultations reported in chapter 2 also suggest that there is a substantial demand for better market information in the regions. The corporate plan identifies better management of ministry activities as the main means of meeting this need, supported by greater involvement of the private sector in planning and implementation of agricultural programs through the Agricultural Advisory Committee.

**Strategy 1: Continue to improve the Ministry of Agriculture and Food, Forests and Fisheries' core services delivery to client groups throughout the country (farmers, district and village agriculture committees, growers' organizations, women's groups and NGOs).**

Implementation of this strategy over the medium term means that MAFFF will take on a greater public educational role, focusing on providing advisory information about technical and market matters, along with advice on potential new enterprises. This will lead to a better use of MAFFF's limited financial and human resources in a situation where the budget constraint is likely to become tighter. There will be a related need to avoid duplication of effort by different branches of Government, particularly in provision of market information, which is a function of MAFFF, Tonga Trade in the Ministry of Labour, Commerce and Industries and the proposed Trade and Investment Board.

In fulfilling its research function, MAFFF will pay special attention to trialling production of vegetables for export and of Fantastic sheep imported from the Fiji Islands.



**Strategy 2: Accelerate trials of domestic production of various types of vegetables for export markets and of import-substituting mutton production.**

Other Government ministries will contribute to agricultural development through infrastructure provision.

**Strategy 3: Improve infrastructure that supports agricultural development (roads, ports, air and sea transport). [Refer to chapter 6, strategies 15-18].**

Government will continue to provide a policy environment that is conducive to agricultural development. The existing policy of exempting farmers from payment of income tax and consumption tax and import duties on agricultural inputs will be maintained. However, as announced in the 2005/06 budget, the Government will seek the assistance of donors in analysing ways of improving the policy environment and facilitating the development of small and medium agricultural enterprises.

**Strategy 4: Review and improve the agricultural policy environment in order to promote small and medium-sized agricultural enterprises.**

The Tonga Development Bank (TDB) remains the major provider of credit for development in the agriculture sector. Its aim is to provide this service on the basis of prudent banking principles, charging interest according to the risk profiles of projects. In the SDP8 period, TDB will continue to lead an investigation into the feasibility of an export credit guarantee scheme as a means of facilitating exporters' access to credit domestically, rather than relying on overseas-based export companies.

**Strategy 5: Examine the feasibility of an export credit guarantee scheme as a means of encouraging agricultural production for export.**

## **7.2 Forestry**

The forestry sector accounts for just 2% of the output of the agriculture, fisheries and forestry sector and has virtually stagnated over the period 1993/94-2003/04 (Figure 7.1). Nonetheless, the coconut agro-forestry system of

agriculture continues to provide a supplementary source of food and income in most agriculturally active households. It ensures soil maintenance and for many households it provides raw materials for handicraft making, fuelwood, and construction material for various purposes.

The principal formal activity in relation to forestry occurs on 'Eua, where 'Eua Forestry's planting includes pine, red cedar, sandalwood, kauri, mahogany and various other species in mixed plantings. There are also important nursery activities on Tongatapu, Ha'apai and Vava'u, where the Ministry of Forestry propagates a range of timber, cultural, fruit and other trees, along with ornamental plants. These are sold direct to farmers and the public on a cost-recovery basis. This is an activity that provides a useful service to farmers and the public alike and that contributes to the environment and sustainable agriculture.

The aim of MAFFF's Forestry department is to ensure the planting of trees and coconuts through the availability of premium species in nurseries throughout the country. The Department's forestry policy objectives are: (1) production of high value tree species for export; and (2) ensure that natural forest reserves are protected and developed.

In the *Forestry policy paper*, the Department is also responsible for promoting and protecting forestry development activities on potential uninhabited islands, and to promote participatory agro-forestry development.

**Strategy 6: Promote tree and coconut planting through provision of seedlings to farmers and the public on a cost-recovery basis.**

**Strategy 7: Promote commercial planting of timber and high valued tree species for export on government lands, large land holding organisations and private-owned farmlands.**

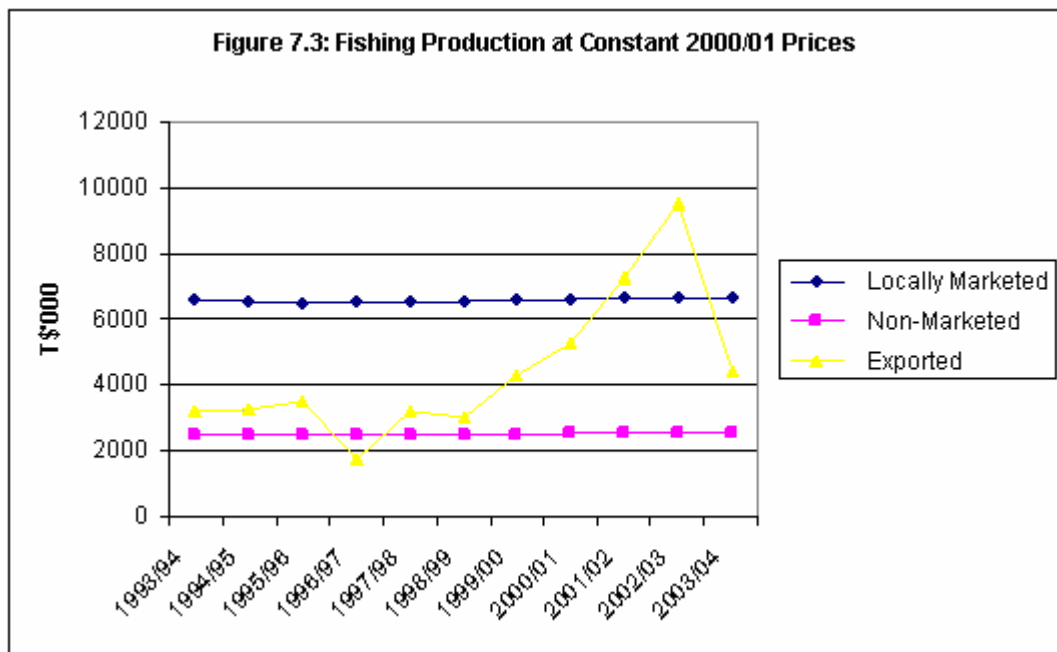
## **7.3 Fisheries**

### **7.3.1 Background**

Fisheries production grew at an average annual rate of 3.4% in 1993/94-2003/04 and accounted for 21% of primary sector value added at the end of the period (Figure 7.1). This growth reflected rapid growth in fish production for export, though there was a slowdown in 2003/04 due to the impact of El Niño on the tuna catch (Figure 7.3). Export fisheries products other than tuna include snapper and groupers, dried sharkfin, aquarium fish, soft coral and coral rock,

and lobster. Production for home consumption and local markets remained significant in 1993/94-2003/04, but did not expand. The 2001 Agricultural Census reports that almost 33% of 15,738 households engaged in fishing activities. Over three-quarters of these households fished solely for home consumption; 21% fished for home consumption and some supplementary cash sales; and just 2.2% fished primarily for cash sale.

Tonga’s fisheries can be divided into three main categories: inshore, deep slope and offshore. Inshore resources can be further divided into three sub-categories: (1) estuarine and shoreline resources, including mangrove and sea-grass areas, which are important for species such as prawns, mullet, goatfish, garfish and rabbitfish; (2) coral reef and lagoon resources, important to crabs, lobsters, clams and reef fish; and (3) inshore pelagic resources like barracuda and spanish mackerel. The depletion and deteriorating health of inshore resources is a major problem.



Source: Statistics Department.

Deep slope fisheries principally comprise fishing for snapper and grouper for export and some local sales, mainly to restaurants. The offshore tuna longline fishery is the main reason for the rapid expansion in exporting of fish. The industry has been developed by the private sector using medium-scale vessels, mainly in the 14-25 metre range. The target species are yellowfin and bigeye for the fresh fish market, and albacore, mainly for the canning market. Catches have diminished in the last few years because of changing weather patterns and a number of operators have left the industry.

Aquaculture and mariculture have also been given some emphasis by the Ministry of Fisheries. Giant clam production commenced in 1989 with the establishment of a hatchery. Green snail production and release was commenced in 1996, along with research and development work in relation to trochus. Seaweed farming has become increasingly important, and pearl farming has been identified as a promising aquaculture venture. Mokohunu, or beche-de-mer, has been overharvested in the past but the imposition of a ban has led to a revival of stocks.

### 7.3.2 Fisheries Policy

Up to amalgamation into MAFFF, Fisheries' mandate has been defined by the Fisheries Management Act 2002, which provides for the conservation, management, sustainable utilisation and development of fisheries resources in Tonga. The Ministry's overall objective as presented in *Ministry of Fisheries Corporate Plan 2004-2007: A Blueprint for Sustainable Development of Tonga's Aquatic Resources* is:

*The development of Tonga's living aquatic resource industries to the highest level of use compatible with ecological sustainability with structure of ownership, participation and technology that maximize the benefits to the people of Tonga.*

Like other government agencies, Fisheries' capacity to design and implement strategies to achieve this objective has been, and will be, constrained by limited human and financial resources. The constraint has been eased by 2005 staff appointments and by external technical and financial assistance, including a medium-term AusAID project that commenced in January 2002 and is expected to continue in the SDP8 period. The purpose of the AusAID Tonga Fisheries Project (TFP) is to improve the welfare of Tongans through sustainable development and management of living marine resources, with attention to remote and disadvantaged communities. Project components help Fisheries to build capacity and to address a number of fundamental policy and management issues.

First, there is the issue of supporting inshore fisheries. The imperatives for inshore fisheries management include:

- *prevention of serious declines in inshore fishery resources and, where possible, assistance with rehabilitation of depleted resources;*
- *providing coastal communities with greater capacity to manage inshore resources; and*
- *safeguarding the fisheries that contribute to the food and economic security of coastal communities.*

TFP's component on Community-based Inshore Resource Management addresses the issue through piloting coastal community involvement in the formulation and implementation of inshore resources management and development plans in several communities in Ha'apai. Ministerial staff support this initiative through provision of extension services. During SDP8, it is intended that this activity continues and, budget resources permitting, is extended beyond the pilot project area to other communities in the regions.

**Strategy 8: Continue to support, and where feasible extend the geographic coverage of, Community-based Management and Development Plans for inshore fisheries.**

A second, related issue is how to increase income from the sustainable use of aquatic resources. In regard to small-scale fishing, a component of TFP – Assistance to Small-scale Fishers – aims at increasing incomes from under-exploited fisheries through the provision of Fish Aggregating Devices (FADs) and ice supplies, establishing local markets and improving access to credit. This component is linked to community-based resource management and development planning since, on the one hand, such planning is essential to establishing what resources are exploitable while, on the other hand, the prospect of increasing incomes from sustainable harvesting acts as an incentive to participate in the planning exercise. About half of a Special Initiatives Fund will be dedicated to supporting community fisheries projects that aim at improving the sustainable management and use of inshore resources. The other half is dedicated to supporting business projects in the areas of offshore fishing, fish processing, aquaculture and sea safety.

**Strategy 9: Promote the sustainable development of small-scale fisheries and aquaculture through scientific research and resource assessment, through the provision of equipment and marketing information and facilities to communities, and through improving communities' access to credit through the Special Initiatives Fund.**

Development of the deep slope and offshore fisheries has occurred through the efforts of private business operators, within a governance environment defined primarily by the 2001 National Tuna Management Plan. This Plan has three objectives:

- Ensure that the utilization of Tonga's national tuna resource is compatible with the sustainable harvesting of the tuna stocks throughout their range
- Maximize economic benefits to Tonga from the utilization of its tuna resources, including harvesting and processing
- Contribute to the food security of Tongan subjects and, through the sustainable utilization of the tuna stocks, the global community.

Under the plan, regulations that may be applied to ensure sustainability include limits on the level of catch of one or more species; limits on the level of fishing effort, including vessel numbers, types and sizes; controls on fishing activities, including gear restrictions and deployment of FADs; a requirement that all fishing vessels are fitted with a vessel monitoring system; size limits for individual species; and area or seasonal closures.

Major improvement in the fisheries database and the introduction of vessel monitoring systems have allowed for better surveillance, monitoring and record keeping; and there have been notable prosecutions and settlements as the Ministry of Fisheries' enforcement capability has grown. However, the ability to fully and legally implement the Tuna Management Plan is compromised by the fact that Tonga has not yet declared its Exclusive Economic Zone (EEZ) under the provisions of the United Nations Convention on the Law of the Sea (1982).<sup>26</sup> Without completion of the declaration, Tongan authorities are limited in their ability to prevent illegal fishing in their waters, and might also be foregoing fish resources harvested by other countries in what, under a declared EEZ, might be Tonga's sovereign waters. The finalization of negotiations for such a declaration was given high priority in the Tuna Management Plan and is now a matter of urgency, given that the Commission administering the Western and Central Pacific Fisheries Convention has commenced the process of decision-making on the allocation of tuna stocks.

#### **Strategy 10: Establish and declare Tonga's Exclusive Economic Zone.**

More generally in regard to the legislative framework for fisheries management, there is a need to pass a number of amendments to the Fisheries Management Act 2002 and to finalise accompanying regulations for this act and the Aquaculture Management Act.

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<sup>26</sup> The 200 mile EEZ, established after the 'Cod Wars' between Britain and Iceland in the mid-1970s, defines the sovereignty of individual nations over areas of ocean. Nations may then manage fishing rights, both of national and international fleets, within their EEZ.

**Strategy 11: Pass necessary amendments to the Fisheries Management Act and finalise regulations for this Act and the Aquaculture Management Act.**

During the growth phase of fish exports (Figure 7.3), an independent review of the fisheries sector concluded:

*The taxation regime faced by export fishers should be reviewed as a matter of urgency, with particular attention to economic rents, duty exemptions and tax holidays. Other matters requiring review include the manner in which fishing licenses and the total allowable catch are allocated. There is also a pressing need for the development of certain infrastructure... Finally, the business environment is unnecessarily burdensome and features substantial transaction costs...Taxation, the allocation of licenses, and the business environment should be reviewed side-by-side and a 'package' of arrangements that is efficient and equitable to both the Tongan community and to fishers developed.<sup>27</sup>*

As noted, commercial tuna fishing has suffered from poor catches in recent years, leaving a reduced number of (only local) operators in the industry and removing any sense of urgency in reviewing taxation policy, the manner in which fishing licenses and the total allowable catch are allocated, and how more efficient administrative arrangements could reduce the costs of doing business. The industry slowdown has also eased the pressure for improving the wharf infrastructure for fishing vessels in Nuku'alofa and the regions, including space for private sector activities such as fish storage, handling and processing, as well as berthing and refueling. However, these areas need to be reviewed, especially in the event of an industry resurgence.

**Strategy 12: Review infrastructure support for commercial fishing as part of the formulation of a port development strategy.**

Finally, Fisheries is still involved in some non-core activities, providing services at subsidized prices. These include boat building, ice-making, engineering and fish market operation. It is intended that MAFFF divest itself of all commercial and semi-commercial activities during the SDP8 period, except where commercial services are demanded but are not supplied by the private sector and where there is an explicit community service obligation. This process will be assisted under TFP.

**Strategy 13: Privatiser non-core functions of Fisheries (excepting instances of community service obligations).**

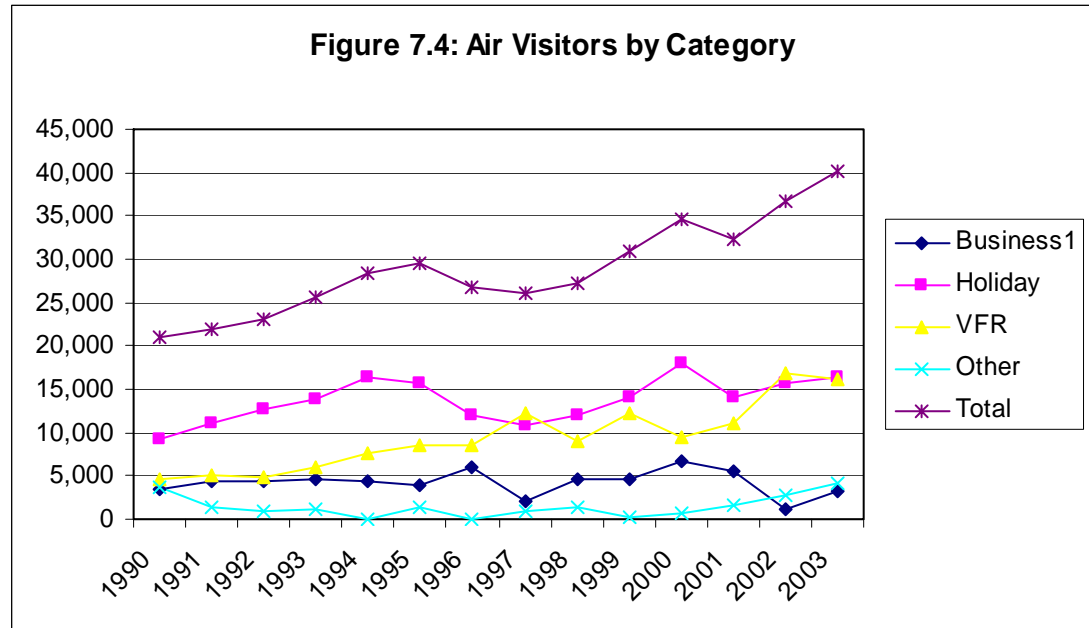
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<sup>27</sup> ADB 2002. *Tonga 2001 Natural Resources Development...*

## 7.4 Tourism

### 7.4.1 Background

Although there has been significant growth in the number of visitors to Tonga during the period 1990-2004, tourism in Tonga is relatively small by regional standards. Of the 56,894 reported visitors in 2003, only 25,139 (44%) were genuine tourists, that is, holiday-makers arriving by air, cruise ship passengers, and passengers on private yachts. The other 56% were visiting friends and relatives (VFR), on business, or visiting for some other (non-holiday) purpose. Figure 7.4 presents a breakdown for visitors arriving by air in 1990-2003.



Source: Tonga Visitors Bureau.

The expenditure of visitors nevertheless makes an important contribution to Tonga's economy through providing foreign exchange, creating income and employment and generating government revenue. Tourism receipts accounted for around 9% of total current account receipts in 2000/01-2003/04. A 1997 study concluded that, based on gross tourist expenditures of \$17 million, economic impacts included the following.



- Generation of around \$12 million of local incomes (direct, indirect and induced), with a multiplier between tourist spending and local incomes of 0.7, as calculated in an input-output model.
- Total local employment of around 2,200 jobs, of which more than 2,000 were for Tongans (men and women). The number of direct jobs was around 1,000, with the additional 1,200 resulting from indirect and induced effects.
- Overall Government revenue from tourism – from accommodation taxes, sales taxes, import duties, and various Government trading activities – was estimated as \$4 million.<sup>28</sup>

The income and employment multipliers derived in 1997 still provide a useful indication of tourism's actual and potential economic impacts. In this context, it is important to emphasise that it is holiday-makers who will have the greatest effects, since it is they who most use facilities such as commercial accommodation and restaurants.

Additionally, tourism creates 'spin-off' benefits to local communities when infrastructure, such as transport, communications and other services, is developed; and it makes an important contribution to regional development, particularly in Vava'u, which is the location for much of the country's marine-based tourism (fishing, whale watching, kayaking and other boating).

#### 7.4.2 Tourism Policy

Tourism makes a significant contribution to Tonga's economic development, but it could make a much bigger one if greater numbers of holiday-makers came to enjoy the natural, cultural and historic assets of a peaceful, terrorist-free Kingdom. Geographic remoteness and dispersion can be contended with, as can other impediments to tourism development, particularly the widely-acknowledged lack of international standard accommodation facilities.<sup>29</sup> However, before constraints are addressed, there has to be a real willingness on the part of the population and the Government to have more tourists and to make the following statement from the Tonga Visitors Bureau's *Corporate Plan 2004–2007* a meaningful one:

**The tourism sector is a priority for the economic development of Tonga.**

<sup>28</sup> Tourism Council of the South Pacific. 1997. *Kingdom of Tonga: Tourism Economic Impact Study*. Suva, Fiji.

<sup>29</sup> This is an assessment made by the Tonga Visitors' Bureau, travel wholesalers in the major source markets, travel writers and tourists themselves. It does not deny the efforts made by the TVB in enforcing prescribed standards for products and services.

The geographic constraints to tourism development can be eased by the availability of competitively-priced, reliable international and domestic air services. In regard to international air services, the entry in late 2005 of Pacific Blue has led to improved linkages with the Australian and New Zealand markets and greater price competition. Government remains committed to the “open-skies” policy introduced in 2001, under which any airline may apply for a license to operate in Tonga.

Internal air transport is a critical tourism service in Tonga, providing the main means of transferring from Tongatapu to other island groups. Service disruptions in recent years have been a major constraint on tourism development in Vava’u, generating an image of unreliability that adversely affects Tonga’s tourist image, as well as inconveniencing local passengers and hampering public service delivery in general. During the SDP8 period, the Government will continue its policy of competitive tendering for the delivery of domestic air services. Community service obligations to the Niuas will be fulfilled under contractual arrangements with the successful bidder.

#### **Strategy on Domestic Air Services: Refer to Strategy 18, Chapter 6**

In recent years, the Vava’u airstrip has been upgraded with European Union funding; the Ha’apai airstrip has been upgraded and a new terminal building constructed under AusAID funding; and a yacht marina and harbour-side walkway have been constructed in Vava’u with European Union funding. The major infrastructure need to be addressed during the SDP8 period is accommodation. Other tourism infrastructure such as restaurants/cafes and taxi services is generally adequate and will tend to expand side-by-side with the development of accommodation.

There are about 63 accommodation facilities in a range of sizes and standards (Table 7.1). Most facilities have less than 20 rooms and cater mainly to the cheaper end of the international tourist market, though there has been a shift towards the provision of higher quality and higher priced accommodation in recent years, and many tourist establishments have refurbished and upgraded. Average occupancy rates are reported to be about 60%, fluctuating between 20-40% in the low season and 60-80% in the peak season. There is a need for more accommodation at a four-star and five-star level, ranging from 20 - 30 room resorts in favorable locations to a larger hotel in Tongatapu, even allowing for the recent and planned extension of the Janful International Dateline.<sup>30</sup>

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<sup>30</sup> Twelve tourist accommodation projects requiring investment and judged to be potentially viable were presented at a Profit Pacific Tourism Investment Conference in the Fiji Islands in February 2005.

Improving accommodation will require substantial foreign investment. As noted in Chapter 6, there is a need to address land issues if this investment is to be forthcoming. The principal difficulty for tourism development is that the leasing of allotments is allowed for a maximum period of 20 years. Furthermore, the lessor may review the level of rent every five years. Investments in accommodation require longer leases and greater certainty.

A related difficulty has been that, although there is no legislated requirement that foreign investors must have a local partner, the normal practice has been to award a license to operate a tourism venture only if there is a local partner who owns 51% of the business. Under the Foreign Investment Act 2002, this practice and the associated lack of transparency and predictability in the rules will be eliminated. The uncertainty created by the two-year business visa allowance also will be addressed as part of the program to promote private sector development outlined in Chapter 6.

**Strategy 14: Promote foreign direct investment in tourism through regulatory reform, by identifying land for investments in accommodation facilities, and by providing assistance in negotiations for access to that land (refer to Strategies 3-5, 7-10 in Chapter 6).**

**Table 7.1: Tourist Accommodation by Number of Rooms, 2005**

<b>Island Group</b>	<b>Accommodation Type</b>	<b>No. Accommodation Facilities</b>	<b>No. of Rooms</b>
Tongatapu	Guest Houses	17	144
	Apartments and Lodges	9	74
	Resorts and Motels	7	77
	Offshore Islands	3	44
	Hotels	5	175
	<b>Total</b>		<b>41</b>
Vava'u	Guest Houses	3	21
	Apartments and Lodges	4	12
	Resorts and Motels	5	37
	Offshore Islands	6	33
	Hotels	2	83
	<b>Total</b>		<b>20</b>
Ha'apai	Guest Houses	5	47
	Offshore Islands	3	14
	Resort and Motels	2	16
<b>Total</b>		<b>10</b>	<b>77</b>
Eua	Guest houses	5	26
Niuaotuputapu	Guest houses	1	4
<b>Grand Total</b>		<b>77</b>	<b>807</b>

Source: Tonga Visitors Bureau.

A related matter of importance to tourism development is the zoning of land. At present there are few controls on where various industries establish: for example, nightclubs may operate next door to hotels, or a fish processing plant might be constructed next to a café.

**Strategy 15: Develop a zoning policy within the context of developing an urban planning and management strategy (refer to Strategy 20, Chapter 6).**

The Tourism Act 1976, with subsequent amendments and Cabinet decisions, specifies the powers of the Minister responsible for Tourism and details the functions of the Tonga Tourist Board (TTB) and the Tonga Visitors'

Bureau (TVB). The private sector is represented by the Tonga Tourist Association, with regional chapters in Tongatapu, Ha'apai and Vava'u.

TTB was not established until 1990, consists of equal representation from the public and private sectors, and acts as an advisory board reporting to the responsible Minister. TVB's initial role was that of a traditional visitor's bureau, providing information to tourists and the overseas travel trade. Over time, however, TVB has taken on a range of other functions such as licensing, accreditation of accommodation on the basis of industry standards, sector monitoring, education, research, and marketing and promotion. The TVB is also responsible for the management and maintenance of both the Tonga National Centre and Queen Salote Memorial Hall – tasks that absorb one-quarter of the annual TVB budget and leave a limited allocation for tourism development, marketing, promotion and other roles.

The private sector undertakes its own marketing and promotion but increasingly has cooperated with the TVB in various marketing activities. Such activities need to be supported by ongoing research on visitor satisfaction, expenditure patterns, demand trends and target markets.

During the SDP8 period, and within the new government structure, the role of Government in the tourism sector will be reviewed. It is anticipated that, through the creation of a new Ministry of Tourism, Government will focus on its policy and regulatory function in the sector, which will encompass policy development, research and planning, project management, tourism administration, licensing and tourism product development. Marketing and promotion, events and facilities management and industry liaison may be devolved to a corporatised body.

As part of this assessment process, the management of the National Centre and Queen Salote Memorial Hall will be reviewed. The National Centre is important to tourism and cultural heritage in Tonga, and Queen Salote Hall is an important community facility; but the appropriateness of their management by the TVB has been questioned in the past. Privatization of the Centre has been investigated and will be reconsidered. The possibility of placing the Hall under private management will also be investigated.

**Strategy 16: Review and refocus Government's role in tourism development on policy development, research and planning and regulation, while devolving the marketing function to a corporatised entity.**

The training of people to work in the tourism and hospitality industry is critical to its success. The Community Development and Training Centre

provides training in tourism and hospitality at Certificate level and has offered short vocational courses for industry personnel, which have been organised by TVB and funded under the AusAID Tonga Tourism Project. Train-the-trainer activities are also important, as on-the-job training is highly relevant in tourism and hospitality. TVB management has expressed the view that a dedicated tourism training centre is required. This will be investigated in the context of the institutional restructuring referred to above.

**Strategy 17: Assess the need for a tourism training centre.**

## 8 Improving Equity and Reducing Hardship

### 8.1 Inequality and Hardship

As noted in chapter 1, Tonga is in the UNDP's high human development category of countries and ranks first amongst Pacific Island nations. However, there is inequality in the distribution of income between households and regions (Figure 1.1); growing unemployment, especially of youth; and hardship for some groups. The definition of hardship in Tonga is:

#### Poverty = Hardship

*An Inadequate Level of Sustainable Human Development, manifested by a lack of access to basic services; a lack of opportunities to participate fully in the socio-economic life of the community; and a lack of adequate resources (including cash) to meet the basic needs of the household or customary obligations to the extended family, village community and/or the church.*

Using this definition, a 2003 Participatory Poverty Assessment in 16 communities throughout the country suggested that:

*many people both in the urban as well as in the rural areas were experiencing hardship because they lacked access to some essential basic services, or because they did not have jobs and a steady income. High transport costs were of concern for many in the more isolated islands of the Niuas and Ha'apai who have difficulty in getting their produce to market at competitive prices. There were also those who experience hardship because they were sick or disabled, and those who have not had the opportunity for a good or appropriate education to enable them to improve their position in society.<sup>31</sup>*

Hardship can arise as a result of rural-urban migration by families who leave behind their land and established homes in the islands, in order to have closer access to post primary education and employment. The rate of urban population growth is now more than five times higher than that in the rural areas; and because of the land system in Tonga, migrants are faced with the problem of having to live in squatter communities or access government land in low lying areas which are subject to regular flooding during the wet season. Squatter settlements exist in Nuku'alofa in particular, where people live in poor

<sup>31</sup> As reported in ADB 2003. *Tonga, Hardship and Poverty Status, Discussion Paper*, Manila, p.11.

conditions, often in makeshift housing in swamps or by rubbish dumps, without clean water supply and adequate sanitation.

It is estimated that about 5% of households in Tonga in 2001 received incomes below a Food Poverty Line of \$703 per head per year and 23% received incomes below a Basic Needs Poverty Line of \$1,466 per head per year, meaning that they experienced periodic difficulties in meeting their daily costs of living for food and other essential expenditure. The percentage of households below the Basic Needs Poverty Line was highest in rural Tongatapu (28%) and lowest in Nuku'alofa (19%), but households generally were not far below the line. Analysis of the data supported "a broad conclusion that some degree of hardship, but neither deep nor severe, was being experienced in households across the Kingdom, with little bias between the urban and rural areas".<sup>32</sup> Remittances played a crucial role in supporting household expenditure, especially among the lower-income households: "Remittances contributed one-quarter of cash incomes for low-income households compared to the national average of one-fifth".<sup>33</sup>

A lack of employment and income-earning opportunities was identified as the chief cause of hardship in the Participatory Poverty Assessment; and was singled out as a concern in the community consultations reported in chapter 2. A second cause was the lack of or restricted access to good quality infrastructure, social and utility services. Other identified causes included too many dependents, landlessness, the burden of family, church and community obligations, poor health, and poor family budgeting.

Specific groups identified as most vulnerable and subject to hardship include children, youth, women, the disabled and the elderly.

### **8.1.1 Children**

Too many children and overcrowded living conditions often mean children receive little parental guidance and discipline. These children are consequently at higher risk of being involved in petty theft and dropping out of school. Additionally, children are often withdrawn from schools due to inability to pay transportation costs and school fees, or to help parents with various chores such as babysitting, plantation work or to sell peanuts. Some children have to walk long distances to school and this contributes to truancy and eventual drop out from school.

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<sup>32</sup> ADB 2003. *Tonga, Hardship and Poverty Status, Discussion Paper*, Manila, p.21.

<sup>33</sup> ADB 2003. *Tonga, Hardship and Poverty Status, Discussion Paper*, Manila, p.17.



Children who grow up under these conditions are at risk of moving from petty crime to more serious offences, and of being unemployed or in low paid jobs, which will create more hardship for their families in the future.

### **8.1.2 Youth**

Youth who drop out of primary or secondary school before acquiring a formal qualification are unlikely to gain the necessary training for future employment and can become a financial burden on their families. This dependence may lead to their rejection by the community and vulnerability to alcohol or substance abuse, crime and prostitution. Youth unemployment as recorded by the Labour Force Survey (2003) is at 11.9%, with most (88%) indicating they had never held a job.

### **8.1.3 Women**

Many women are burdened by heavy family, church and community responsibilities and are dependent on their husbands or relatives for financial support. An increasing number are also victims of domestic violence.

Single mothers and widows not only have to cope with home maintenance and childcare, but also have the additional responsibility of being the breadwinner for the family. Women may get a paid job in urban areas, while in rural areas and in the outer islands they have to spend long hours weaving and beating paper mulberry bark to make mats and tapa for sale. In such a situation, these women often have little or no leisure time, and hence find it difficult to cope.

### **8.1.4 The Disabled and Elderly**

There is a lack of special facilities and people with the right skills to care for the physically and mentally disabled. Caring for them is an increasing problem, not only for the disabled but also for their families, who have to take on the carer's role without the training and skills needed. This places financial and physical burdens on the families, especially when disabled adults have no siblings to care for them, leaving the task to elderly parents or relatives. This contributes to greater hardship for the disabled and the elderly parents or family members involved.

A particularly disadvantaged sub-group are disabled prisoners in the "care" of untrained prison officers.

Elderly people without regular income or family to support them suffer relatively high levels of hardship, since there is no social welfare system apart from some services provided by NGOs and churches.

## **8.2 Pro-Poor Policies**

The most effective means of reducing hardship is the provision of employment and income-generating opportunities in the private sector. The strategies for promoting private sector development outlined in the preceding two chapters therefore have a pro-poor purpose. They will not be repeated here. Rather, the focus is on public policy interventions that have a pro-poor dimension or are exclusively targeted at vulnerable groups.

Pro-poor initiatives in public service delivery will be taken in the education and health sectors and through the rural and regional development program. Efforts will also be made to protect specific vulnerable groups identified in section 8.1.<sup>34</sup>

### **8.2.1 Education and Health**

In the education sector, outer islands primary schools are often in a rundown condition, staffed by unqualified teachers, and short of funds since the communities they serve are cash-poor by comparison with those of Tongatapu and thus cannot readily supplement government resources. Such schools frequently have relatively low rates of graduation from primary to secondary school. At the secondary level, access to the well-resourced, academic government schools is higher for those from the richest 20% of households, while enrolment in the poorly-resourced non-government schools declines.

The Tongan Education Support Program (TESP) aims at introducing minimum quality standards for primary and secondary schools and to allocate school-based grants to assist schools in progressively meeting these standards over time. Given the shortfall in standards occurs amongst the poorest schools, many of which are in the outer islands, TESP represents a major pro-poor policy initiative supported during the SDP8 period by NZAID and the World Bank. However, TESP's effective implementation is severely compromised by the 2005 public service wage rise. Before this occurred, salaries absorbed almost 90% of primary school expenditure. After the rise, there is little or no operational budget for primary education. Efficiency gains through increases in student:teacher ratios and multi-grade classes will be investigated.

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<sup>34</sup> Following paragraphs on social service delivery draw on ADB 2005. *Tonga: Strengthening Pro-Poor Policy in the Pacific, Interim Report.*

**Strategy 1: Implement the Tongan Education Support Program (TESP), seeking efficiency gains to ease the recurrent budget constraint.**

In the health sector, non-communicable diseases arising from poor diet and lifestyle are the biggest concern and create the bulk of health system costs, with public expenditure concentrated on the Vaiola hospital in Nuku'alofa and 64% going to salaries. Public health services are free regardless of income, except for visa-related tests; but health centres in rural Tongatapu and the outer islands have been poorly maintained and inadequately staffed and people have tended to spend money on traditional healers instead (though as discussed in chapter 10, the Ministry of Health has initiated a programme to address this issue).

Funding constraints during the SDP8 period dictate that: (1) the limited health budget will need to be redirected towards primary and preventative services; and (2) new revenue-raising measures will need to be implemented. The redirection of resources must focus on the needs of rural and regional areas.

**Strategy 2: Redirect the health budget toward primary and preventative services, ensuring service provision at rural and regional health centres is protected.**

**Strategy 3: Review health sector financing with a view to introducing (1) user fees, while ensuring exemption for the poor, and (2) voluntary health insurance schemes.**

Additionally, the European Union program of support to Vava'u will continue to include the health and education sectors, with about 3 million euros available during the 9<sup>th</sup> European Development Fund period to 2007.

### **8.2.2 Regional and Rural Development Promotion**

The Government will seek to achieve an acceptable standard of basic services delivery for rural Tongatapu and the outer islands, not only in respect of social services as covered in the previous subsection, but also in support of private sector development, which must be the source of sustainable growth and development in the outer islands as well as rural areas in Tongatapu.

The major needs identified in community consultations are:

- Infrastructure development, particularly transport
- Better market access and information.

Transport is fundamental to market access and all service delivery, as evidenced by the recent example of the Niuafu'ou Electrification and the Niuatoputapu High School projects, which stagnated for a lengthy period because air services had completely ceased and the ferry service was unreliable.

Some of the strategies that are aimed at improving transport infrastructure were presented in chapter 6. These are:

### **Chapter 6 Strategies**

**Strategy 15: Implement the National Road Development Programme; establish a Road Fund to support proper asset management; and upgrade Vaipua Bridge, Neiafu and construct a bridge across Fanga'uta Lagoon, Nuku'alofa.**

**Strategy 16: Upgrade inter-island sea transport services by introducing a new ferry and a new landing craft.**

**Strategy 17: Upgrade and maintain ports throughout Tonga, giving priority to installation of new, and replacement of deficient, navigational beacons and markers.**

**Strategy 18: Improve domestic air services by consolidating the corporatisation of airports and ensuring continuity of service provision.**

In addition to these strategies, a program of small-scale community development projects will continue to be implemented with funding support from AusAID, NZAID and the Japanese Grassroots Program. Over 30 projects were in process of implementation or preparation in late 2005. They mostly involve upgrading water supplies and supporting cooperative societies and women's development groups engaged in basic service delivery and income-generating projects. The largest project is the New Zealand funded 'Eua water supply upgrade (\$1 million), followed by an AusAID-funded Community Care project on Tongatapu (\$430,710), a New Zealand funded electrification programme in the Niuaas, and Japanese-funded upgrades of a school in Ha'apai (\$132,300) and of the Taooa water supply in Vava'u (\$121,911).

**Strategy 4: Implement the donor-supported Regional and Rural Development Program.**

The indicative medium-term outer island development programs funded by New Zealand and AusAID are presented in Table 8.1. It should be borne in mind that projects not listed in the table have important regional components,

including the AusAID-funded Tonga Fisheries Project referred to in chapter 7, and the NZAID-funded Tonga Village Water Supplies Project.

**Table 8.1: Externally-Funded Outer Island Development Programmes (\$'000)**

	2005/06	2006/07	2007/08	2008/09
<b>AUSTRALIA</b>				
<i>Community Assistance Scheme</i>	765	765		
<i>Ha'apai Electrification Project</i>	76.5	0		
<b>Total</b>	<b>841.5</b>	<b>765</b>		
<b>NEW ZEALAND</b>				
<i>'Eua Development Programme</i>				
<i>Water Supply Upgrade</i>	1,300	1,600	0	
<i>Other Projects</i>	250	200	400	400
<i>Niuas Development Programme</i>				
<i>Electrification</i>	500	300	0	
<i>NTT High School</i>	300	700	0	
<i>Nature Tourism</i>	70			
<b>Total</b>	<b>2,420</b>	<b>1,800</b>	<b>400</b>	<b>400</b>
<b>JAPAN</b>				
<i>Water Supply Upgrade</i>	1,486.1			
<i>School Upgrade</i>	216.2			
<b>Total</b>	<b>1,702.3</b>			

Source: Central Planning Department.

A European Union-funded programme will continue during the SDP8 period. It is expected that it will total 2-2.5 million euros, focussing primarily on the Vava'u group but extending to vulnerable outer islands, including the Niuas. The scope of the programme will widen from education and health to cover other sectors and will encompass microprojects.

The need for better market information will be addressed through a strategy presented in chapter 7:

**Chapter 7, Strategy 1:** Continue to improve the Ministry of Agriculture and Food, Forests and Fisheries' core services delivery to client groups throughout the country (farmers, district and village agriculture committees, growers' organizations, women's groups and NGOs).

### 8.2.3 Other Vulnerable Groups

Aside from those living in rural and regional areas where infrastructure and services are poor, vulnerable groups include unemployed youth; urban poor living in squatter settlements in low-lying areas of Government-owned land; neglected and run-away children; single women supporting children and women experiencing domestic violence; the disabled and those suffering mental illness; the elderly without children; and alcohol and drug abusers.

Two of the strategies in chapter 6 explicitly address the needs of the urban poor and vulnerable youth, namely:

**Chapter 6, Strategy 14: Design and implement a countrywide program for the development of youth enterprises.**

**Chapter 6, Strategy 20: Develop an urban planning and management strategy for Tonga and formulate an investment project for development of urban areas.**

In regard to vulnerable women and children, there is a need to develop focused action plans in the context of implementing the 2001 National Policy on Gender and Development, which is discussed in chapter 12.

More broadly, the formulation of social policy generally has not kept pace with the social change that has occurred. The first requirement is to develop a policy framework through consultation with civil society organizations, which can guide a coordinated response to the problems of specific vulnerable groups through targeted programs (for example, youth counselling and drug and alcohol programs). The development of the policy framework should build on initiatives already taken, such as the drafting of guidelines for a youth policy emanating from the Youth Parliament held in early 2006.

**Strategy 5: Formulate a social policy framework in consultation with civil society organizations that addresses the needs of specified vulnerable groups.**

The guiding principles for the formulation of the social policy framework are that Government: (1) reaches a better understanding of the nature of emerging social issues through a situational analysis; (2) identifies systems for collection of data and quantification of problems related to vulnerable groups;

and (3) institutes programmes and projects that promote self-help and encourage solutions to be found within families and communities, working in partnership with the community to resolve social issues rather than creating welfare dependency. A balance must be struck between assistance and self help and additional resources allocated to activities that will help solve and prevent further escalation of social problems.

In order to reduce future hardship amongst the retired and the elderly, the Government initiated a National Retirement Benefit Scheme project during the SDP7 period, with UNDP support. Legislation was drafted under which private sector employers and employees were to contribute 5% each to a Retirement Fund, which covered employees aged 15 to 65 years and was to be administered by a tripartite board of employer and employee and Government representatives. Legal issues and concerns over the level of contributions from some members of the private sector delayed the passage of the legislation pending further public consultations. It is expected that enabling legislation will come into force during the SDP8 period.

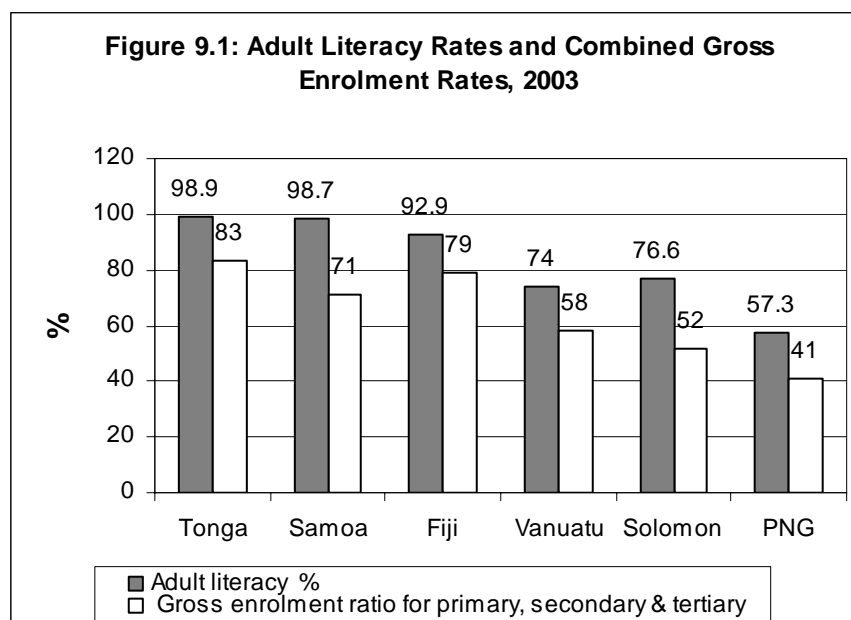
**Strategy 6: Finalise, pass and implement the legislation for a National Retirement Benefits Scheme.**

## 9 Improving Education Standards

### 9.1 Achievements in Education

Tonga's education indicators are the highest in the Pacific, as Figure 9.1 shows. The second Millennium Development Goal of universal primary education was achieved long ago; and there is retention of almost all students to the mid-secondary school level.

These education indicators reflect a long tradition of formal education through a largely academic program, Government efforts to ensure access to education in the outer islands, and strong family commitment to improving living standards and social status through the education of children (both boys and girls).



Source: UNDP, Human Development Report 2005.

### 9.2 Structure and Financing of the Education System

The education system currently consists of three levels: six years of primary education, seven years of secondary and post-secondary education and training.<sup>35</sup>

<sup>35</sup> Since 2003, Forms 1 and 2 have been introduced into some government primary schools. Some of the mission schools also have a preparatory year at secondary school (class/year 7) before form 1, but all government secondary schools start with form 1.



At the end of year six of primary education, students sit the Secondary Entrance Examination (SEE) to qualify for secondary education. At the end of year 8 (Form 2), all secondary school students may choose to sit the Form 2 Common Examination, but only candidates from selected schools (Tonga Side School and Talafa'ou Middle School) have an opportunity to proceed to Form 3 at the top secondary school (Tonga High School) if they qualify.

National and regional examinations that senior students (Forms 5 – 7) sit vary from school to school: Ocean of Lights sit the Cambridge International Examination (CIE), while all other schools sit the Tonga School Certificate Examination (TSC) at Form 5 and the Pacific Senior Secondary Certificate (PSSC) at Form 6, with Tonga High School students having the option of sitting CIE. Form 7 national examinations that students sit vary from school to school and include the South Pacific Form Seven Certificate (SPFSC), University of the South Pacific Foundation Level Examinations and CIE's Advanced Subsidiary.

Education in Tonga is provided by the Government through the Ministry of Education, Women's Affairs and Culture (MEWAC) and non-government agencies (churches and private organizations). The Government runs 89% of primary schools and accommodates 92% of total primary school enrolments of 17,026 in 2004. Table 9.1 shows the breakdown of facilities and enrolment by region.

Non-government agencies are the major provider of secondary education, with 76% of all secondary schools and 67% of total enrolments of 13,442 in 2004 (see Table 9.2). Government provides about 60%, and the non-government sector 40%, of post-secondary education and training, which in 2004 involved 1,813 students.

MEWAC's share of the total budget for 2004/05 was \$15.9 million or 13%, of which 40% went to the primary division, 28% to secondary, 22% to Post-Secondary, Youth, Sports & Culture, and 6% and 4% to Administration and Professional Services, respectively.

The bulk of MEWAC expenditure (74%) is for salaries. In the primary division, salaries absorbed 91.2% of expenditure in 2004. In the secondary division, salaries absorbed 70.5%. With the major part of the Ministry's recurrent budget being allocated to salaries, what is available for operations and maintenance is minimal and cannot fully provide resources conducive to a better learning environment. The burden of provision of these resources is borne by parents and the communities, especially in relation to primary education. MEWAC pays a \$100 per head subsidy to all non-government schools, excepting Church of Jesus Christ of Latter Day Saints' schools.

**Table 9.1 Providers of Primary Education and percent of Total Enrolment.**

District	Government Schools	Non-Government Schools	Total	% of total enrolment
'Eua	5	0	5	5.2
Ha'apai	19	4	23	8.1
Niuafo'ou	2	0	2	0.7
Niuaatoputapu	3	0	3	1.2
Vava'u	30	0	30	17
Tongatapu	51	10	61	68.1
<b>Total</b>	<b>110</b>	<b>14</b>	<b>124</b>	<b>100.0</b>
<b>% of total enrolment</b>	<b>91.6</b>	<b>8.4</b>		<b>100</b>

Source: Ministry of Education Annual Report 2004.

**Table 9.2: Providers of Secondary Education and percent of Total Enrolment**

	'Eua	Ha'apai	Nfo'ou	Ntapu	TTapu	Vava'u	Total	% of Total enrolment
<b>Government</b>	1	1	1	1	5	1	10	32.7
<b>Non Government</b>	2	5	0	0	20	5	32	67.3

Source: Ministry of Education Annual Report 2004.

### 9.3 Access to Primary and Secondary Education

MEWAC has been committed to the provision of education for all for many years. Every inhabited island in the Kingdom now has a primary school, and many students on Tongatapu who had to attend primary schools in neighbouring villages now have their own village school. Of the 124 primary schools, 50.8% (59 government and 4 non-government) are located in the outer islands and cater for 31.9% of total primary enrolments, compared with 61 primary schools on Tongatapu accommodating 68.1%. The Net Enrolment Ratio

(NER) for primary schools in 2004 was recorded as 97.3% compared with 89.4% in 2000. The proportion of pupils who remain in school from grades 1 - 5 has risen from 84% in the 1996 census to 93% in 2001 and 92% in 2002.

Non-government agencies have been instrumental in increasing access to secondary education, especially in Ha'apai, Vava'u and Tongatapu. The establishment of middle schools by the Free Wesleyan Church and The Church of Jesus Christ of Latter Day Saints in the western and eastern districts of Tongatapu has raised accessibility to secondary education on Tongatapu. The establishment of government schools on the two most isolated islands – Niuafou'ou and Niuatoputapu – has made access to secondary education easier by reducing the need to leave the islands for that purpose. With the addition of Ha'apai High School in 2003, the Government now has a secondary school in each of the main island groups in the Kingdom. The NER for secondary schools is 72%, while the transition rate from primary to secondary education was recorded at 83.6% for 2004.

#### **9.4 Post-Secondary Education and Vocational Training**

Government and non-government post-secondary institutions offer a wide variety of programmes ranging from life skills training to both short- and long-term degree programmes.

Non-government providers include the Roman Catholic Church which administers St Joseph's Business College (offering training in secretarial, clerical and keyboard skills); 'Ahopanilolo Technical College (providing vocational training in catering, hospitality, fashion and design); and Montfort Technical Institute (providing basic training for year 10/Form 4 school leavers in carpentry, automotive, painting and welding). The Free Wesleyan Church Education system delivers life skills training programmes at the Life Skills Training Centre; diploma courses in agriculture through Hango Agricultural College in 'Eua; New Zealand National Certificates and Diplomas in Business Computing through the Business and Computer Centre at Tupou High School; Certificates in Business, Automotive Engineering and Hospitality and Catering through Mailefihi College in association with Whitireia Polytechnic in New Zealand. Additionally, diploma and degree courses in divinity and theology are offered in collaboration with the University of Auckland through Sia'atoutai Theological College. 'Atenisi Institute/University is privately owned and provides associates and degree courses. The University of the South Pacific extension programme also offers diploma and degree courses in various disciplines.

MEWAC administers five post-secondary institutions. Tonga Institute of Education which provides diploma and postgraduate diploma courses in teaching. Tonga Institute of Science and Technology offers courses for trade

certificates in specific technical trade areas and maritime certificates. The Community Development Training Centre offers certificates and diplomas in information technology, accounting and agriculture. The Tonga Institute of Higher Education offers business study degrees under a twinning arrangement with The Open Polytechnic of New Zealand; and the Short-term Training Centre offers a post graduate diploma under another twinning arrangement with Massey University. Other government institutions that provide post-secondary training include the Queen Salote Nursing School, the Police Training School, the Defense Forces and the Ministry of Labour, Commerce and Industries.

Non-formal education and training are provided through USP, Women in Development Groups, Langafonua 'a Fafine Tonga, Catholic Women's League, Tonga National Youth Congress, University of the Nations and the Ministry of Labour, Commerce and Industries.

## 9.5 Issues in Education

Although there have been commendable achievements in education, MEWAC has become concerned over issues of equity of access to, and quality of, the education being provided, as well as the readiness of school graduates for employment in a market economy.<sup>36</sup>

In 2004, 19.8% of the 4,325 students in year 6 of primary school were repeaters. MEWAC cited numeracy and literacy problems as the main reason for this relatively high proportion of repeaters. Moreover, the levels of basic numeracy and English literacy of young adults emerging from the education system have been questioned.

It is widely perceived that primary and secondary education provided by Government schools is of a higher standard than that provided by non-government agencies, and that primary and secondary schools in rural and regional areas generally have lower examination pass rates than schools in urban Tongatapu. These perceptions are supported by national and regional examination results and secondary entrance examinations and other statistics.

Also, the dropout rate for non-government schools is higher than for Government schools. In 2004, government schools had a dropout rate of 2.3% compared to 7.9% for non-government schools.

A major reason for the better student outcomes in Government schools is that they are better resourced relative to non-government schools. As Table 9.3 shows, non-government schools have more unqualified teachers than Government schools do. The current method of government financial subsidy to

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<sup>36</sup> Issues are discussed at length in NZAID/GOT 2003. *Tonga – Education Sector Study*.

secondary education has a regressive effect, inasmuch as a smaller proportion of low income families gain access to the better-funded Government schools.

Further, the education system is highly academic. Students who do not complete the full duration of either primary or secondary education (especially those who leave before sitting TSC) are branded “failures” and find it difficult to access alternative forms of training. Post-secondary training institutions have little, if any, room for those without “official qualifications.”

**Table 9.3: Qualifications of Teachers, 2004**

Provider	Qualifications										Total
	Graduates		Diploma		Certificates		Incomplete Training		Untrained		
	No.	%	No.	%	No.	%	No.	%	No.	%	
<b>Primary</b>											
<i>Government</i>	2	0.3	404	57.2	274	38.8	26	3.7	0	0.0	706
<i>All Non Government</i>	15	16.0	19	20.0	25	27.0	8	9.0	27	29.0	94
<b>Secondary</b>											
<i>Government</i>	106	33.9	205	65.5	2	0.6			0	0.0	313
<i>All Non Government</i>	221	29.4	312	41.5	146	19.4			73	9.7	752

Source: Ministry of Education Annual Report 2004.

## 9.6 Education Policy: The Tonga Education Support Program

In addressing the above issues, MEWAC developed an “*Education Policy Framework 2004–2019*” that was approved by Cabinet in May 2004. This framework set out the three key objectives for education in Tonga and accompanying strategies.

Achieving these three specific objectives will ensure achievement of the SDP8 Goal 5 of improving education standards.

*Objective 1: To improve equitable access to and quality of universal basic education for all children in Tonga up to Year 8 (Form 2).*

*Objective 2: To improve the access to and quality of post-basic education and training to cater for the different abilities and needs of students.*

*Objective 3: To improve the administration of education and training so that the quality of educational performance is enhanced.*

To implement the first stage of the Education Policy Reform, the government of Tonga has engaged the assistance of the World Bank and NZAID in funding the *Tonga Education Support Program (TESP)*.

TESP is a five year project which is co-financed by the World Bank and NZAID. It focuses on:

*improving the quality of primary and secondary education, the equitable delivery of services and resources, and a strengthening of management, policy making, and monitoring and evaluation within the sector.*

TESP is supported by two clusters. Cluster 1 is funded with an IDA credit and a New Zealand-financed, World Bank-managed Trust Fund, and is focused on the establishment of a school based mechanism that guarantees equitable provision of universal basic education. It is divided into two components. Component 1 is concerned with institutional strengthening and capacity building within MEWAC and the provision of a policy and regulatory framework for the Tonga Schools Grants Program (TSGP). Component 2 is the TSGP, through which quality of schools will be improved, and inequities in access to quality schooling will be reduced. Cluster 2, funded with a grant from New Zealand to the Government focuses on reforming the curriculum, teacher education and assessment of students. It will also strengthen literacy outcomes and improve the quality of teaching.

The general education strategy for the SDP8 period, already referred to in chapter 8, is to ensure as effective an implementation of TESP as budget constraints permit.

**Strategy 1: Implement the Tongan Education Support Program (TESP), seeking efficiency gains to ease the recurrent budget constraint.**

Under the umbrella of this broad strategy, there is a number of sub-strategies and actions that will be taken. These are grouped below according to the three education objectives.

**Objective 1: *To improve equitable access to and quality of universal basic education for all children in Tonga up to Year 8 (Form 2).***

To achieve this objective, MEWAC will implement the following sub-strategies over the plan period:<sup>37</sup>

- Sub-Strategy 1.1 Reform the current curriculum.**
- Sub-Strategy 1.2 Strengthen Literacy Outcomes.**
- Sub-Strategy 1.3 Facilitate assessments for Better Learning.**
- Sub-Strategy 1.4 Improve the quality of teaching.**
- Sub-Strategy 1.5 Implement the School Grants Program.**

**Objective 2: *To improve the access to and quality of post-basic education and training to cater for the different abilities and needs of students.***

To accommodate the challenges of globalisation, the role of skill development in economic development and the different levels of abilities and needs of this group of students, improving access to and quality of “post-basic”, technical and vocational education and training, is essential. Objective 2 has been identified by Cabinet as the second highest priority of the MEWAC’s 15 year strategic planning period (2004-2019).

- Sub-Strategy 2.1 Continue to undertake an annual training needs assessment.**
- Sub-Strategy 2.2 Develop the Tonga National Qualifications Framework.**
- Sub-Strategy 2.3 Develop pilot skill-development projects.**
- Sub-Strategy 2.4 Expand opportunities for on-the-job training schemes.**

**Objective 3: *To improve the administration of education and training so that the quality of educational performance is enhanced.***

This focuses on enhancing quality of educational performance via improving the administration of education and training as well as fostering closer working relationships between Government and non-government agencies to achieve the best for the nation.

- Sub-Strategy 3.1 Strengthen Policy, Planning, Monitoring and Evaluation.**

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<sup>37</sup> For details and costing of education strategies, refer to the Tonga Education Support Programme Conference Papers Volumes 1- 3, World Bank Project Appraisal 2005.

- Sub-Strategy 3.2 Facilitate effective Policy Dialogues between the ministry and key stakeholders.**
- Sub-Strategy 3.3 Strengthen Management and Administration.**
- Sub-Strategy 3.4 Initiate capacity building activities.**
- Sub-Strategy 3.5 Develop all needed capacity and obtain information for designing and implementing a Sector Wide Approach (SWAp) for the last 12 years of the EPF period.**
- Sub-Strategy 3.6 Develop the capacity of the education system to produce information and communications technology (ICT).**
- Sub-Strategy 3.7 Improve teacher supply and conditions of service.**

TESP incorporates a monitoring and reporting mechanism built around key project indicators and a results framework incorporating outcome and results indicators and targets.<sup>38</sup>

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<sup>38</sup> For details of key and intermediate indicators, refer to World Bank's TESP Project Appraisal Document.



## 10 Improving Health Standards

### 10.1 Overall Health Status

Tonga's population has a relatively high standard of health. Life expectancy at birth has changed little over the past decade and in 2004 was 70 years for males and 72 for females. The infant mortality rate – a summary measure for population health status – has declined from 19 in 1996 to 15.7 in 2004, which is a slight increase on preceding years. The maternal mortality rate is low, varying from 200 per 100,000 live births in 1995 to 41 in 1999 and 82.3 in 2004 (Annual Report MOH 2004). The under 5 mortality rate has fallen from 27 per 1000 in 1990 to 13.9 in 2002. Tonga has endorsed the Millennium Development Goals targeting reductions in child mortality and improvements in maternal health from the 1990 level by 2015 (*Tonga's 1<sup>st</sup> National Report on the Status of the Millennium Development Goals*):

MDG 4, Target 5: Reduce by two thirds between 1990 and 2015, the under 5 mortality rate.

MDG 5, Target 6: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.

Advances in the health indicators testify to Tonga's effective primary health care delivery, public health infrastructure and the importance of comprehensive antenatal and postnatal care, immunization, water and sanitation and waste disposal programmes. Infectious and most communicable diseases are under control, primarily as a result of water and sanitation and successful primary health care. The entire population is reported to have direct access to health care services (including essential drugs) within one hour's travelling time from home; and the immunization rate has increased from 95.2% in 2000 to 99.6% for 2004 (Annual Report MOH 2004). However, constant vigilance is required to ensure that diseases such as tuberculosis and leprosy remain unproblematic.

Acute respiratory infections and influenza-like illnesses remain the leading causes of morbidity, accounting for 88% of total notifiable diseases in 2004. From 1984-2004, 13 cases of HIV had been detected, 12 of which died from AIDS. Sexually transmitted diseases as recorded in official statistics have declined over the past 30 years, but there is likely to be substantial under-reporting; and there is no reliable baseline data on sexually transmitted infection (STI) prevalence in Tonga. Tonga has endorsed MDG 6 to combat HIV/AIDS and non-communicable related diseases: Target 7 is to have halted and begun to reverse the spread of HIV/AIDS by 2015.

As infectious and communicable diseases have been brought under control, non-communicable diseases (NCDs) have increased and now constitute a major public health challenge. The rising incidence of these so-called lifestyle

diseases is attributable to a shift from traditional diets of fish, taro, breadfruit and bananas toward diets consisting mostly of imported food, which is low in fiber and high in refined carbohydrates, fat and salt (sugar, white rice, mutton flaps, canned beef); greater consumption of alcohol and tobacco; and insufficient physical exercise. The three leading causes of death in 2004 were disease of the circulatory system (25% of deaths), neoplasms (12%) and endocrine, nutritional and metabolic (8%). Fifty deaths were due to diabetes mellitus. Diabetes increases the risk of heart attack, stroke, blindness, kidney failure, and lower limb amputation.

There are other flow-on effects from lifestyle changes. In particular, concern has been expressed over the potentially problematic nutritional status of Tonga's children. Changing dietary habits have led to a rapid increase in dental caries. In 2000, less than 8% of six-year-olds, 30% of 9-year-olds, and 23% of 12-year-olds were free of caries. In 2004 the caries rate has been reduced in the 12 year olds, but there is a continuing need for preventative dental programs.

The actual incidence of mental illness is unknown, but it is identified as a significant cause of morbidity by the health authorities. Admissions to the mental health ward at the national referral hospital, Vaiola, increased from 34 in 1994 to 134 in 2004, after peaking at 246 in 2003.

Tonga's health system is thus confronted with meeting the double burden of (1) providing essential primary health care services to support a healthy population and preventing and controlling some lingering infectious diseases and respiratory disease; and (2) preventing and controlling non-communicable diseases.

## **10.2 The Health System**

Health care services are decentralized in accordance with the long-standing Government commitment to primary health care provision. Table 10.1 shows health facilities by island division in 2004. The outer island health districts of 'Eua, Vava'u and Ha'apai are each serviced by a community hospital managed by a chief medical officer, who is responsible for overall management of community health centers and maternal and child care clinics. Community health centers staffed by a health officer and public health nurses operate in Vava'u, Ha'apai, and the Niuaus (which is managed from Vava'u). Maternal and child care clinics run solely by public health nurses operate in all four health districts.

Vaiola hospital is also the headquarters of the Ministry of Health, which at the end of 2004 had an establishment of 945 posts, 21% of which were vacant (primarily doctors' and nurses' positions). The recurrent health budget accounts for about 12% of total government recurrent expenditure, and the bulk of this

goes to Vaiola hospital and curative service provision (Figure 10.1). Historically, about 60% of expenditure has been on wages, with about 25% on purchases of goods and services and relatively little on operations. Low budgets for non-salary items reduce the effectiveness of the Health Centers and the Maternal and Child Health Clinics, which prescribe basic drugs, use simple diagnostic equipment, undertake home and follow-up visits, and undertake preventive and health education programmes. However, the Ministry of Health has recognized the low utilization of Health Centres and has implemented a joint programme with communities in which the latter become responsible for maintenance of the Centres and the Ministry provides staff and supplies.

Public health services are free regardless of income, except for visa-related tests. Proceeds from the sale of medicines and revenue from health service provision rose to an estimated \$325,000 in 2004/05.

External assistance continues to play a crucial role in public health through capital investment in water supply, sanitation, and hospitals; and through non-capital support in the form of medical evacuations to New Zealand under the Medical Treatment Scheme, technical assistance, and overseas scholarships. In the past, Ministry of Health officials have expressed concern over the durability of this assistance: the possibility of a future decline underlines the importance of improving the efficiency and cost-effectiveness of health service delivery.

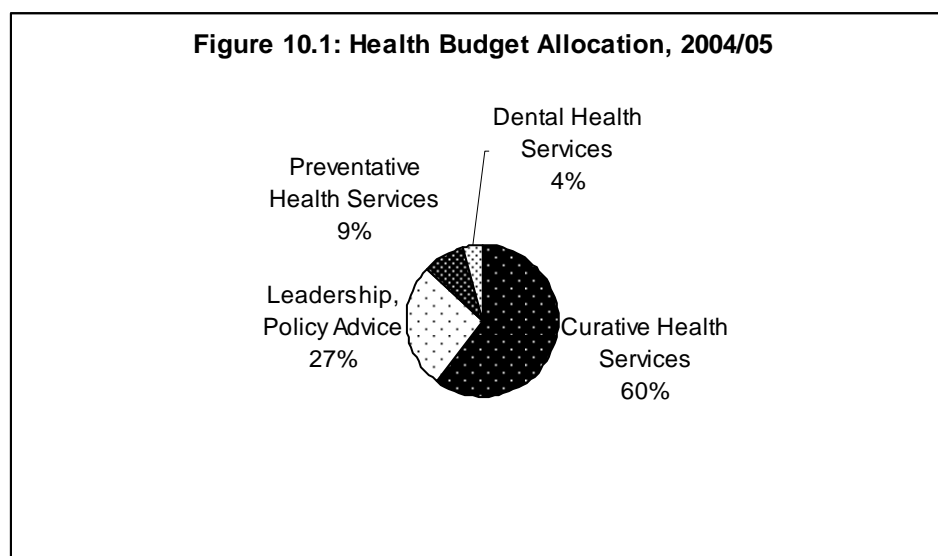
The private health sector consists of a large number of traditional healers – mostly women whose services are a substitute for, or precursor to, the use of public medical services – and a small number of formally qualified practitioners and pharmacies. Some, public sector doctors and dental officers practise privately outside of office hours. Several non-government organizations provide health services, including the Tongan Family Health Association, the South Pacific Alliance for Family Health, the Red Cross; and CHAD, which focuses on prevention of NCDs.

Overall, the Government financed 45% of health expenditure in 2001/02; households financed 23%; and donors financed 32%. Household expenditure on health reflects the use of traditional healers and the lack of availability of adequate treatment at health centres in rural and regional areas though, as noted, the Ministry of Health has addressed this issue.

**Table 10.1: Health Facilities by Island Division, 2004**

Island Division	Hospitals	Health Centers	Maternal & Child Health Clinics
Tongatapu	1 (199 beds)	7	19
Vava'u	1 (61 beds)	3	5
Ha'apai	1 (25 beds)	2	5
'Eua	1 (18 beds)	0	3
Niuas	0	2	2
<b>Total</b>	<b>4</b>	<b>14</b>	<b>34</b>

Source: Ministry of Health 2004.



Source: *Report of the Minister for Health for the year 2004*, p.8.

### 10.3 Health Policy

The long-term goal for the health sector as expressed in the Ministry of Health's *Corporate Plan 2005/06-2007/08* is for Tonga to be "the healthiest nation in the Pacific Rim as judged by international standards and determinants". By the year 2020 it is envisaged that:

*There will be universal access to good quality care even for the remotest islands...Communicable diseases will be essentially eradicated, and non-communicable diseases will be minimized through screening and prevention, excellent clinical management and better co-ordination of health care services.*

Moving towards these objectives in the medium term will be difficult because of staff shortages and constraints on non-wage expenditure resulting from the September 2005 salaries settlement; but this adds emphasis to the already acknowledged desirability of redistributing current expenditure as much as possible towards primary and preventative services, seeking improvements in the cost-effectiveness of treating NCDs, and increasing revenue from health service provision.<sup>39</sup>

Preventative health measures are more cost-effective than curative medicine and in the Tongan context must focus on lifestyle diseases. In 2003, at the conference of the Ministers of Health for Pacific Island countries, "Healthy Lifestyles" was the unifying theme. Following this meeting, a *National Strategy to Prevent and Control Non-communicable Diseases 2004-2009* was developed. The five components of this strategy, each with national, community and clinical dimensions, are the introduction of an appropriate institutional framework and coordinated NCD activities, reducing tobacco use, increasing levels of physical activity, improving diet and eating patterns, and reducing alcohol misuse. This strategy will be implemented during the SDP8 period.

**Strategy 1: Continue to implement the National Strategy on Non-Communicable Diseases.**

As noted in chapter 8, Government's pro-poor policy initiative in health involves a redirection of resources towards the needs of rural and regional areas, where service provision by Health Centres and Maternal and Child Health clinics are to be protected. Antenatal, childbirth and postnatal care are essential to the preservation of Tonga's low infant mortality rate.

**(Chapter 8) Strategy 2: Redirect the health budget toward primary and preventative services, ensuring service provision at rural and regional health centres is protected.**

Attention will also be paid to ongoing prevention of the development of communicable diseases.

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<sup>39</sup> See the Ministry of Health's Priority Area Plans and ADB 2005. *Tonga: Strengthening Pro-Poor Policy in the Pacific, Interim Report.*

**Strategy 3: Formulate standard protocols for the management of all communicable diseases and ensure adequate testing facilities and personnel are available to monitor the prevalence of communicable diseases.**

**Strategy 4: Develop a protocol and undertake a survey to establish the prevalence of sexually transmitted infections.**

WHO assistance is anticipated to develop a protocol for conducting the STI prevalence survey. Collaboration with the Global Fund to fight AIDS, Tuberculosis and Malaria Project is expected to generate funding for specific TB and HIV/AIDS programmes.

At the same time, curative services will continue to be in heavy public demand. The main strategy here is to improve service provision at the national referral hospital.

**Strategy 5: Improve curative service delivery by completing the infrastructure redevelopment of Vaiola hospital.**

Strategy 5 is supported by World Bank and Japanese funding, but it is acknowledged that there will be increased demands on the recurrent health budget that will constrain implementation of Strategy 2 above unless additional sources of revenue are found.

The burden on the Government budget from seeking to meet the demand for curative services needs to be lightened through greater cost recovery and encouragement of membership of voluntary health insurance schemes, while making provision for those unable to pay. Policies in these areas will be developed as part of the World Bank Health Sector Support that will be implemented throughout the SDP8 period. Initiatives will need to be pursued vigorously because they offer potentially substantial easing of the health budget constraint. For example, in the mid-1990s it was estimated that potential receipts from modest user fees were over \$800,000 in current prices, which constituted more than 14% of the recurrent health budget in 1991, but involved fees equivalent to less than 2% of average annual per capita cash income as measured in a survey of four agricultural villages (ADB 1996 *Tonga: Economic Performance and Selected Development Issues*. Manila). At the same time that user fees are reviewed and increased, there should be an investigation of insurance coverage options, since treatment of lifestyle diseases is high cost.

**(Chapter 8) Strategy 3: Review health sector financing with a view to introducing (1) user fees, while ensuring exemption for the poor, and (2) voluntary health insurance schemes.**

## 11 Environmental Sustainability

### 11.1 The Environmental Situation

Tonga's progress in achieving the Millennium Development Goal 7 and its associated targets is summarised in Table 11.1. MDG7 closely matches the SDP8 Goal 7: *Ensure environmental sustainability and disaster risk reduction.*

*Performance in regard to environmental health indicators of access to safe water and sanitation is encouraging. However, a number of environmental concerns have arisen in recent years. Over 30% of Tonga's population is urban, of which 77% is in Nuku'alofa and 12% is in Neiafu. Growth in the urban population has resulted in the subdivision of agricultural allotments on the outskirts of Nuku'alofa and settlement in swampy areas. A boom in housing construction and other infrastructure development has seen heavy demands on sand and gravel and the removal of mangroves, which removes habitat for juvenile fish and crustaceans and increases soil and coastal erosion. Poorly-drained areas often face inundation from the sea and heavy rain, exposing residents to water-borne diseases and other health risks associated with sewage problems.*

Pollution is a problem largely arising from increasing utilisation of fossil fuel, improper solid waste disposal, pesticide and fertilizer runoff into the groundwater lens and sea, and random waste disposal by seagoing vessels.

Littering and indiscriminate dumping of solid waste are major concerns in urban areas. Beaches, vacant land and roadsides have become dumping grounds for old vehicles and other metal parts that can not be burned, diapers, wholesale/retail waste and domestic waste. The problem has been compounded by the fact that there have been only two designated rubbish dump sites - one on Tongatapu and one on Vava'u. The absence of a designated rubbish dump in Ha'apai and 'Eua has created environmental concerns for these islands. Unsightly littering has been identified by visitors as an unpleasant feature of Tonga; the attraction and proliferation of insects, vermin and pests constitutes a health risk; and the pollution and degradation of local drains and waterways is having a detrimental impact on flora, fauna, and the livelihood of the local community.

Pesticides and fertilizers are abundantly used in agriculture, and Persistent Organic Pollutants (POPs) and other chemicals are used in other industries such as power supply and construction. The waste from these pollutants is not properly disposed of, leading to runoff into the ocean, which has detrimental affects on marine organisms, and seepage into groundwater, which is a health hazard. For most of Tonga's populated islands, the water is either rainwater caught on rooftops and stored in cisterns or a thin lens of fresh water in a highly porous limestone rock substratum. The groundwater lens is vulnerable to contamination from surface pollutants, which percolate down

through the rock, as well as from saltwater. There is a general lack of information about the types and volumes of chemicals stored and a poor understanding within the wider community of the potential dangers of certain chemicals and how to use and store chemicals.

Ship traffic is high in Tonga, with containerships arriving weekly and several inter-island ferries running weekly or daily. Also, about 500 yachts arrive in the Port of Refuge harbour in Vava'u every year. There has been no effective regulation of the waste dumped off all these vessels.

Other causes of pollution are the burning of trash and garden waste, combustion of fossil fuel and deforestation.

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**Table 11.1: MDG 7: Ensure Environmental Sustainability**

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Target 9:	Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources
MDGI 25:	<i>Proportion of land area covered by forest = 5.3% (1994)</i>
MDGI 26:	<i>Ratio of area protected to maintain biological diversity to surface area = 6.7% (1998)</i>
MDGI 27:	<i>Carbon dioxide emissions (per capita) and consumption of ozone-depleting CFCs (ODPtons)</i>
	<i>Carbon dioxide emissions (CO<sub>2</sub>), metric tons, per capita = 3 (1994)</i>
	<i>Consumption of ozone depleting CFCs (ODP tons) = 0.32 (2003)</i>
MDGI 29:	<i>Proportion of households using solid fuels = 73.7% (1996)</i>
Target 10:	Halve, by 2015, the proportion of people without sustainable access to safe drinking water
MDGI 30:	<i>Proportion of households with sustainable access to an improved water source, urban and rural</i>
	<i>Proportion of households with sustainable access to an improved water source, urban = 98.3%</i>
	<i>Proportion of households with sustainable access to an improved water source, rural = 98.1%</i>
	<i>(1996)</i>
MDGI 31:	<i>Proportion of urban households with access to improved sanitation = 99% (1996)</i>
Target 11:	By 2020, to have achieved a significant improvement in the lives of slum dwellers
MDGI 32:	<i>Proportion of urban households with access to secure tenure (owned or rented) = 98% (1996)</i>

Source: Appendix Table 1.1.

Tonga's renewable natural resources have been under growing pressure. The total land area of about 750 km<sup>2</sup> of the Tonga archipelago is habitat to its terrestrial biodiversity. The 'Eua and Mount Talau National Parks gazetted in 1992 and 1994, represent remnants of indigenous vegetation and associated fauna. Existing biodiversity assets of Tonga — primary forests and the myriad plants, birds, and other animals that are dependant on forest habitat — are now confined to where the remaining forests are still found. The total forested area has been estimated at 4,000 hectares (5.3% of the land area), and this is increasingly fragmented and subject to disturbance by invasive weeds and pests, as well as by humans who strip bark and cut branches for firewood. There are only about a dozen endemic plant species and two endemic bird species left in



the country. Marine biodiversity and resources are yet to be fully surveyed and documented, but it is clear that there has been a loss of inshore biodiversity due to easy and open access by coastal populations. Since 1976, only five marine parks have been established under the Parks and Reserves Act.

This last point is connected to the substantial overexploitation of inshore fisheries resources that was discussed in Chapter 7. The reefs and lagoons are the prime source for subsistence supplies of shellfish and other marine life harvested from the tidal flats at low tide, and of small herbivorous fish such as surgeonfish, parrotfish and rabbitfish. There are more than 50 commonly caught invertebrates from reefs and sand habitats; 8 species of *beche-de-mer*; and four giant clam species, all of which are threatened.

In addition to the environmental problems arising from human usage of Tonga's natural environment, the population must contend with the country's vulnerability to natural disasters. Tonga ranks second to Vanuatu amongst 111 countries in a 1999 study, in which vulnerability to natural disasters was measured by the percentage of the population affected by natural disasters in 1970-96.<sup>40</sup> Since then, Tonga has experienced two hurricanes in 1997, two in 1998, one in 2000, two in 2001, one in December 2001-January 2002 and one affecting the Niuas in January 2004.

Environmental conservation and management and disaster management are major policy challenges to be confronted. The strategic response to the specific challenge of urban management has been outlined in chapter 6 (Strategy 20: Develop an urban planning and management strategy for Tonga and formulate an investment project for development of urban areas).

## 11.2 Environmental Policy

The Department of Environment's (DOE) Corporate Plan 2006-2008 presents a vision that "the people of Tonga are better able to plan and manage the use of their environment for sustainable development of present and future generations", and sets out departmental objectives and programmes for achieving this vision.<sup>41</sup> The key, overarching strategies during the SDP8 period are as follows.

### **Strategy 1: Complete and enforce the legislative framework for environmental conservation and management.**

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<sup>40</sup> J. Patkins and S. Mazzi 1999. *Small States: A Composite Vulnerability Index*. Advisory Board to the Joint Commonwealth Secretariat/World Bank Task Force on Small States, Second Meeting, St Lucia.

<sup>41</sup> Under the 2006 government restructuring, DOE will be reabsorbed into the Ministry of Lands, Survey, Natural Resources and Environment.

The framework referred to in Strategy 1 is wide-ranging and demanding of legal and enforcement capacities. Aside from the EIA Act, an Environment Management Bill (EMB) has been drafted and submitted to the Law Reform Committee for consideration. A Marine Pollution Bill was developed by the Ministry of Marine and Ports; a Pesticides Act has been passed; and drafts of a Solid Waste Management Bill, an Ozone Bill and a Bio-Safety Bill are to be taken through the process of legislative review. It is also anticipated that a Hazardous Wastes and Substances Bill will be prepared as part of a harmonization of legislation required to implement four international conventions relating to hazardous and chemical waste management (the Stockholm, Rotterdam, Basel and Waigani Conventions).

Specific DOE environmental projects that will be ongoing in the SDP8 period, and that have or will generate components of the legislative framework referred to in Strategy 1, include:

(1) The POPs Project (ending July 2006), which has the overall goal of reducing the threat posed by POPs and related chemicals toward the environment and human health, and which is supported by the United Nations Environment Program (UNEP), the South Pacific Regional Environment Programme (SPREP) and AusAID. The project provides for removal overseas of some POPs.

(2) The Ozone Depleting Substances Project (due for completion in 2006), which is part of a regional strategy for the Montreal Protocol that targets the removal of ozone depleting substances (ODS) across the globe, and which is supported by UNEP.

(3) The International Waters Project (February 2002-Dec. 2006), which involves water quality baseline studies and introduction of low-cost waste reduction practices, and which is supported by SPREP, UNDP and the Global Environmental Facility.

(4) The National Capacity Self Assessment for Global Environmental Management Project (Sept. 2005-February 2007), which seeks to build domestic capacity to implement the UN Convention for Biological Diversity, the UN Convention on Climate Change and the UN Convention to Combat Desertification. This project is supported by UNDP.

**Strategy 2: Integrate environmental costs and benefits into Government decision-making procedures covering policies, projects and private investment proposals.**

DOE is empowered under the EIA Act to subject all “major projects” to an EIA. These projects are defined in the Schedule to the Act and include tourism, construction, aquaculture, agricultural and manufacturing activities.

**Strategy 3: Implement environmental education programmes and engage communities in remedial measures.**

DOE will continue to conduct educational awareness programmes on how to deal with the environmental issues affecting the community. Programmes such as live dramas, TV shows and advertisements will be organised to promote environmental awareness and how to care for the environment. DOE also will continue to coordinate “Environment Week” which takes place in the first week of June and coincides with “World Environment Day.”

As noted in chapter 6, initiatives already underway to improve solid waste management will continue during the SDP8 period. The AusAID-funded Solid Waste Management Project aims to “contribute to a cleaner environment and improved public health for the people of Tonga” by establishing a sound, sustainable and effective solid waste management system. The project consists of 6 components – establishing a new Solid Waste Management Facility at Tapuhia; Community Information and Participation; Institutional Development; Waste Transfer; Solid Waste Management Facility Operations; and Project Management – and includes the drafting of a Solid Waste Management Bill. NZAID is also funding the rehabilitation of the original dump site at Popua.

**Chapter 6, Strategy 19: Implement and ensure sustainability of the Nuku’alofa Waste Management Project.**

As noted in chapter 7, Fisheries has the mandate to ensure the sustainable development of marine resources. In particular, there is an AusAID-supported initiative to improve the conservation and management of threatened inshore resources:

**Chapter 7, Strategy 8: Continue to support, and where feasible extend the geographic coverage of, Community-based Management and Development Plans for inshore fisheries.**

### **11.3 Energy Policy**

Tonga relies heavily on imported fossil fuels for its energy needs, as well as depleting domestic mangrove and other forest resources for fuel, residential development and agriculture. The economy is therefore particularly vulnerable to oil price shocks, disruptions in the world supply of oil and the environmental consequences of storing, transporting and combusting oil.

Responsibility for coordination and formulation of policies on energy matters rests with the Energy Planning Unit (EPU) of the Ministry of Lands, Survey and Natural Resources and a National Energy Committee created by Cabinet. During SDP8, EPU will continue to promote alternative energy sources and energy efficiency by: (1) investigating solar energy for outer islands and potential sources such as wind power and bio-fuel (copra oil); and (2) by examining the potential for improved efficiency in the power, transportation and other domestic sectors. These tasks will be accomplished within a renewable energy policy framework. A draft Renewable Energy Policy prepared by EPU will be put forward for Cabinet endorsement and subsequent implementation. This draft was prepared in 2004 under a regional project, "Pacific Islands Energy Policies and Strategic Action Planning Project," which aimed at improving the capacity of Pacific Island Countries to develop national policies and action plans to provide reliable, affordable, and environmentally sound energy for the sustainable development of island economies. The primary renewable strategy for SDP8 is to introduce and implement an appropriate policy framework.

#### **Strategy 4: Approve and implement a renewable energy policy.**

Additionally, EPU will be participating in a regional GEF-funded Pacific Islands Greenhouse Gas Abatement through Renewable Energy Project (PIGGAREP), which aims to remove the technical, institutional, financial, policy, market and training and awareness barriers to the widespread utilisation of feasible renewable energy technologies in Pacific Island Countries. A concept paper on an energy efficiency project has been submitted to the GEF for seed funding to develop a project that will address energy efficiency issues in the power, transportation and domestic sectors.

### **11.4 Disaster Risk Reduction and Management**

The management of disaster relief, rehabilitation and reconstruction is the responsibility of the National Emergency Management Office, which is a division of the Ministry of Works and Disaster Relief Activities. The objectives of the Ministry as stated in its Corporate Plan 2005/06-2008/09 are:

- (i) Develop strategies for mitigating national disasters;
- (ii) Ensure proper infrastructure and communication systems are in place;
- (iii) Ensure resilience of communities to national disasters.

Assistance in achieving the above objectives has been provided since mid-2002 under the World Bank-funded Cyclone Emergency and Recovery Management Project (CERMP). Aside from rehabilitation and reconstruction work, the project seeks to reduce vulnerability to hazards by improving the effectiveness of emergency management at national and local levels through legislation, mainstreaming risk management within departmental planning, and integrating disaster risk reduction within national development planning. Advisory services and institutional and community programmes focus on:

- Institutional arrangements and financial resource options for quicker response
- Community training aimed at being resilient to disasters
- Reviewing the National Emergency Management Plan and drafting of a National Emergency Management Bill
- Public information and educational programmes on disaster mitigation and disaster preparedness.

The strategy for the SDP8 period has a number of components:

**Strategy 5: (i) Pass and implement the National Emergency Management Bill; (ii) Implement the Building Control and Standards Act; (iii) Mainstream risk management within departmental planning and integrate disaster risk reduction within national development planning; (iv) Establish a National Disaster Fund; (v) Improve the capability of communities to be more resilient to disasters.**

## 12 Promoting Cultural Development

### 12.1 Introduction

Tongan culture and society have been dynamic for many centuries, welcoming and adapting to many foreign influences, and taking advantage of overseas opportunities through migration and the establishment of what has been called the “transnational corporation of kin”.<sup>42</sup>

However, demographic and social change has accelerated in recent decades and posed new and demanding challenges. People under 21 now comprise the majority of the population; more young people are searching for work today than ever before; more students are dropping out of school; many families are under pressure; domestic violence has become an issue of concern; drug abuse is on the rise; and the rate of crime is increasing rapidly. Many of society’s leaders are concerned over the erosion of traditional values and attribute this, at least in part, to the importation of cultural values and behaviours regarded by them as anti-social. These imported values are thought to cause some young people to question their identity and to lose their commitment to the education and personal development necessary to find productive employment.

Government is aware that these demographic and cultural challenges must be responded to in order to achieve the eighth SDP8 goal:

*Goal 8: Maintain social cohesion and cultural identity*

### 12.2 Social Cohesion

Social cohesion comprises social harmony and unity, healthy relationships amongst family members and within communities, strong family values and a support network between children and parents, and equitable access to opportunities and social services. Social cohesion contributes to the stable environment that is a necessity for development.

As raised in chapter 8, some children, women and certain groups in society face hardships, and concerns about youth involvement in crime are supported by police statistical data reported in chapter 4. The costs of child neglect and children being undisciplined can be high if the result is a life of crime.

Maltreatment of women is a particularly worrying aspect of the weakening of social bonds and cultural values. According to 2004 police

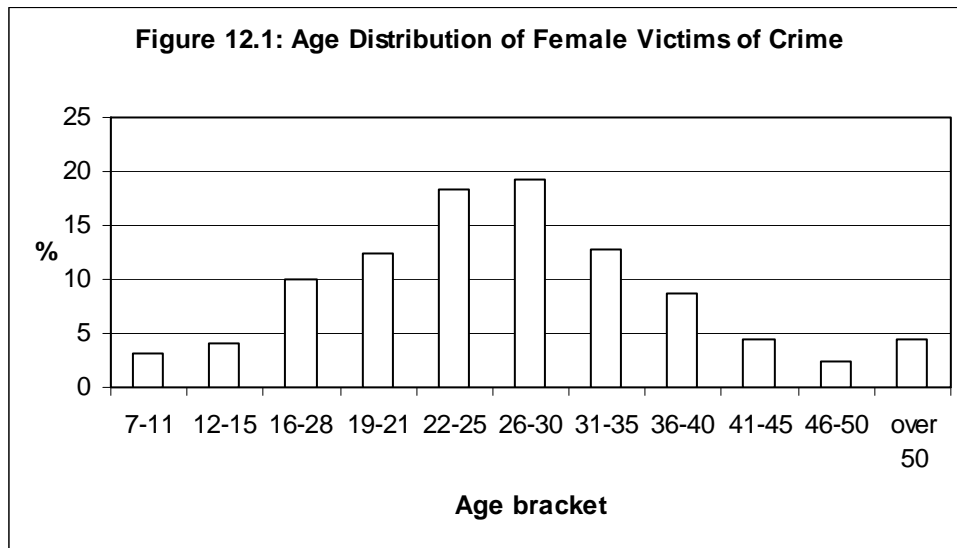
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<sup>42</sup> The term was coined by G.E. Marcus 1981. “Power on the Extreme Periphery: The Perspective of Tongan Elites in the Modern World System”, *Pacific Viewpoint*, vol.22, pp. 48-64.

statistics, 46.1% of victims of *offences against the person* were female. Sixteen percent of these (46 women) were victims of domestic violence. The police force acknowledges that this figure underestimates the extent of domestic violence, since it mostly goes unreported, and many of the complaints that are filed are often cancelled as victims and offenders reconcile.

The 2004 breakdown of offences against women is as follows: common assault (80.3%); grievous and bodily harm (9.3%); indecent assault (7.3%); rape/attempted rape (2.8); and carnal knowledge of a child (0.3%).

Figure 12.1 shows the age distribution of female victims of crime. Alarmingly, victims are found in a wide range of age groups from as young as 7 years to over 50 years, with 7.2% between 7 and 15 years of age, and 47.9% 25 years of age or less.



Source: Ministry of Police, Prisons & Fire Services, Annual Report 2004.

At present, there are no government facilities or services to assist victims of crime and victims of abuse. Reliance must be placed on services provided by a few NGOs. Victims of domestic violence are advised by police to seek assistance from the National Centre for Women and Children, which provides counselling and a safe house for those victims who need it. Other potential sources of assistance are the Catholic Women’s League, the Salvation Army Drug and Alcohol Centre and the Free Wesleyan Church’s Langikapo ‘a Hēvani & Counselling Service which provides counselling for runaways. These agencies need additional resources if they are to extend their service delivery.

**Strategy 1: Provide financial assistance to NGOs offering support services for abused women and children.**

The Government's Women and Development Centre (WDC), which will become part of MEWAC in 2006, has been the national agency handling women's affairs and gender and development issues in Tonga. Its mandate includes the coordination of women's activities and the management of Government's commitments to regional and international agreements and plans, such as the Pacific Platform for Action for Women, the Commonwealth Plans on Gender and Equality, the Beijing Platform for Action for Women and the Millennium Development Goals.

Additionally, the Centre is required to implement the 2001 *National Policy on Gender and Development*, which aims to achieve the following vision:

*Gender Equity by 2025: That all men, women, children and the family as a whole achieve equal access to economic, social political and religious opportunities and benefits.*

The strategy for achievement of the vision is: "Promoting universal and free participation and partnership of men and women in all spheres of life – religion, society, politics, economics, and culture." This will mean rethinking the rigidly defined roles of men and women, in order to provide opportunities and support for women to develop their abilities and maximize their economic, social and political contributions to society. The Gender and Development policy guidelines emphasise the role of the family in society; enhancement of the status of the family to preserve traditions; recognition of the social and cultural context of general health needs and specific health needs; and equal participation of men and women in education, church hierarchy, work, the political arena and the economy as a whole.

**Strategy 2: Implement the Action Plan of the National Policy on Gender and Development.**

Related priority areas for the WDC include:

- (1) promoting access and participation of women in decision-making and politics;



- (2) continuing research on the implications of possible ratification of the Convention on All Forms of Discrimination Against Women (CEDAW);
- (3) implementation of an action plan promoting the economic and social development of women through NGOs and community groups; and
- (4) Promoting the collection and analysis of gender-disaggregated data and the production of gender-specific development indicators.

Finally, MEWAC acknowledges that the education system should foster moral values such as concern for others, honesty, respect, justice and personal integrity. Parents and churches also have basic roles to play in this area.

### **12.3 Cultural Identity**

With globalization, information technology and the increase in overseas migration, Tongan culture is potentially at risk of being eroded. The preservation, promotion and enhancement of Tongan culture are important elements of maintaining a distinctive national identity.

Tonga is the only Pacific Island on the United Nations Educational, Scientific and Cultural Organisation's list of *Masterpieces of the Oral and Intangible Heritage of Humanity*. The "Lakalaka" – a Tongan traditional mixed group dance – was proclaimed as a Masterpiece in 2003. As part of the Lakalaka being declared a masterpiece, the Tonga Traditions Committee has received funding to continue the Lakalaka project until 2007. This involves recording of the history of the Lakalaka, the choral words of lakalaka compositions and those who are involved in composing and teaching the lakalaka.

The Tonga Traditions Committee also provides information on various cultural issues for overseas researchers and local students who study different aspects of Tongan culture. The Committee is involved in the preparation of possible sites and items in Tonga to be considered for adding to the World Heritage List in the future. Tonga ratified the World Heritage Convention in April 2004.

Cultural development has not been given priority in government expenditure. However, the Government makes a contribution to cultural development through some of its departments. The Tonga National Centre, which is administered by the Tonga Visitors' Bureau, offers traditional dancing classes for youngsters, Tongan floorshow competitions, and compositions and singing competitions. These all contribute to the preservation, promotion and enhancement of Tongan culture.

The study of Tongan culture and traditions has been promoted in schools through "Tala 'o Tonga," which is offered in all secondary schools up to Form 6. The Youth and Culture Unit (YCU) of MEWAC is responsible for the

coordination of cultural matters with the Tonga Tradition Committee as part of its core function. The Tonga Institute of Education has a cultural group which has represented Tonga at various Pacific Cultural Festivals in the region.

MAFFF is also involved in the provision of cultural development workshops for village women in rural and outer islands. These workshops have concentrated around the preparation of mats and tapa for traditional customary activities and celebrations associated with the birth of a child, birthday celebrations, marriages and deaths. It has also provided training and lessons on certain traditional crafts which are not “native” to some of the outer islands. This has included the production of tapa cloth in the Niuas where traditionally people are weavers and do not know how to produce tapa cloth.

The NGO Langafonua ‘a Fefine Tonga has been involved with providing similar kinds of cultural workshops, as well as radio programs. The churches and non-government schools have also contributed to cultural development through the teaching of cultural identities, values and traditional craftwork to their students. NGOS promote cultural development and preservation through cultural competitions, which they organise for youth groups at specific times each year.

Some churches have also established archives and are working closely with the Tonga Traditions Committee to preserve cultural items and oral traditions.

The YCU has proposed a six-part programme for cultural development: (1) development of a national policy for culture; (2) teaching of the Tongan language and culture throughout the school years 1- 13; (3) establishment of administrative and professional structures for the development of and preservation of the Tongan culture; (4) participation in regional and international culture programs and activities; (5) collaboration with the Tonga Traditions Committee in the maintenance and preservation of Tonga’s cultural heritage; (6) media promotion of the values and importance of Tongan culture.

Implementation of the programme is a core cultural development strategy of the SDP8 period.

**Strategy 3: Implement the Youth and Culture Unit’s six-part cultural development programme.**

## **13 Financing the Plan**

### **13.1 Introduction**

This chapter presents the macroeconomic framework of SDP8 and sets out the level of resources that Government expects will be available to finance public expenditure during SDP8. It is anticipated that capital expenditure will be funded by development partners.<sup>43</sup>

As part of each annual budget cycle, Government will incorporate the key policies outlined in SDP8 into budget allocations. All new proposals from ministries will be cross-referenced to SDP8 priorities to ensure that public expenditure contributes to moving Tonga towards the National Vision presented in chapter 3.

### **13.2 The Macroeconomic Framework**

In the baseline economic outlook for SDP8, aggregate real GDP is projected to grow by under 1% in 2006/07 before recovering to just over 2% growth in both 2007/08 and 2008/09, assuming there are no external economic shocks or natural disasters that derail the growth process (Tables 13.1 and 13.2). The slow growth in 2006/07 largely reflects the impact of a substantial downsizing of the public service, while the subsequent growth acceleration is driven by a bounceback in service sector activity.

The agriculture, forestry and fisheries sector is projected to recover from several years of contraction as root crop, kava and fisheries production pick up; but growth nonetheless hovers around the trend rate for the last decade of 0.8%. Squash production is expected to stagnate in response to low international prices and restoration of the commercial tuna stock is likely to be limited.

The secondary sector has been an engine of growth in 2004/05 and, to a lesser extent, in 2005/06. The sector's growth rate is expected to accelerate to 4.2% in 2006/07 as expenditure of some of public servants' redundancy packages stimulates the construction, mining and manufacturing sub-sectors. Slower growth is projected thereafter, as construction activity tapers off and manufacturing confronts increased import competition when tariff reform is implemented. The electricity and water sub-sector is projected to register sustained growth as a result of derived demand from housing construction and aid-funded water projects.

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<sup>43</sup> The planning and implementation of public investment projects needs strengthening. This issue will be addressed as part of the phased development of a medium-term expenditure framework (see chapter 4, strategy 7, component 5).

Activity in the commerce and transportation and communications sectors in particular will be stimulated in 2006/07 by redundancy payouts arising from the public service downsizing, which are expected to more than offset the effect of a falloff in remittances and higher private sector wages due to the flow-on impact of the September 2005 civil service wage rises. Also, the continued provision of international air services introduced in October 2005 and the maintenance of more frequent and reliable domestic air services will generate some growth in tourist receipts. In the two years following 2006/07, the growth rates of these sectors will drop off slightly towards their trend rates, but by 2008/09 it is anticipated that government services will be able to expand slightly.

If the projected aggregate growth rates are realized, per capita real income at the end of the SDP8 period will be just 3.6% above the level at the beginning of the period. **This emphasises the importance of implementing SDP8's growth-promoting strategies if growth targets presented in the following chapter are to be achieved.**

It is projected that the inflation rate will accelerate from 8.4% in 2005/06 to almost 10% in 2006/07 as a result of the flow-on effects of the September 2005 public service wages decision and then drop back to about 8% (Table 13.3). Inflation rates would be higher if the pa'anga depreciated substantially against the currencies of Tonga's major trading partners.

Broad money supply is projected to grow by around 10% per annum during the SDP8 period. The Government's positive net credit position with the banking system is expected to stabilise after a decline in 2005/06, while growth in credit to the private sector continues at a reduced pace.

The Government's efforts to ensure macroeconomic stability are evident in the decision to proceed with a public service downsizing in the second half of the 2005/06 fiscal year. Achieving the target of just under 1,000 voluntary redundancies requires the funding of a \$37 million redundancy program, which adds to wages and salaries expenditure in 2005/06, as shown in Table 13.3. However, this downsizing permits ongoing savings in wages and salaries expenditure, which drops in 2006/07 and 2007/08, before some cost-of-living adjustment is made in 2008/09. These savings in wage expenditure permit a catch-up in non-wage current expenditure, particularly in 2007/08. Additionally, some growth in public capital expenditure is envisaged in support of private sector development and public service delivery (Table 13.3).

**Table 13.1: Baseline GDP Projections (\$m, constant 2000/01 prices)**

Sector	2006/07	2007/08	2008/09
<b>Primary sector</b>	<b>65.336</b>	<b>65.793</b>	<b>66.254</b>
Agriculture, forestry, and fisheries	65.336	65.793	66.254
<b>Secondary sector</b>	<b>48.460</b>	<b>49.136</b>	<b>50.035</b>
Mining and quarrying	1.216	1.216	1.216
Manufacturing	13.867	14.214	14.569
Electricity and water	6.573	6.902	7.178
Construction	26.804	26.804	27.072
<b>Tertiary sector</b>	<b>147.320</b>	<b>151.792</b>	<b>155.968</b>
Commerce, restaurants, and hotels	47.783	50.172	51.928
Transportation and communications	23.722	24.670	25.657
Finance and business services	32.092	33.055	34.046
Government admin. & community services	26.920	26.920	27.189
Entertainment and private services	15.698	16.012	16.332
Ownership of dwellings	10.935	11.088	11.243
Less: Imputed bank service charge	-9.830	-10.125	-10.428
Total GDP at factor cost	261.116	266.722	272.257
Net indirect taxes	49.887	50.958	52.016
<b>Total GDP at market prices</b>	<b>311.003</b>	<b>317.680</b>	<b>324.273</b>
<b>GDP Deflator</b>	<b>167.2</b>	<b>182.4</b>	<b>196.5</b>
<b>Nominal GDP at market prices</b>	<b>520.0</b>	<b>579.5</b>	<b>637.0</b>

Source: MFEP staff estimates.

**Table 13.2: Baseline GDP Growth Rate Projections (% , constant 2000/01 prices)**

Sector	2006/07	2007/08	2008/09
<b>Primary sector</b>	<b>1.0</b>	<b>0.7</b>	<b>0.7</b>
Agriculture, forestry, and fisheries	1.0	0.7	0.7
<b>Secondary sector</b>	<b>4.2</b>	<b>1.4</b>	<b>1.8</b>
Mining and quarrying	3.0	0.0	0
Manufacturing	4.0	2.5	2.5
Electricity and water	6.0	5.0	4.0
Construction	4.0	0.0	1.0
<b>Tertiary sector</b>	<b>-1.2</b>	<b>3.0</b>	<b>2.8</b>
Commerce, restaurants, and hotels	8.0	5.0	3.5
Transportation and communications	5.5	4.0	4.0
Finance and business services	4.0	3.0	3.0
Government admin. & community services	-22.7	0.0	1.0
Entertainment and private services	2.5	2.0	2.0
Ownership of dwellings	1.4	1.4	1.4
Less: Imputed bank service charge	4.0	3.0	3
Total GDP at factor cost	<b>0.3</b>	<b>2.1</b>	<b>2.1</b>
Net indirect taxes	0.3	2.1	2.1
<b>Total GDP at market prices</b>	<b>0.3</b>	<b>2.1</b>	<b>2.1</b>

Source: MFEP staff estimates.

Note: The decline in government and community services in 2006/07 assumes that 1,000 civil servants become redundant from 1 July 2006.

**Table 13.3: Macroeconomic Framework**

	2005/06	2006/07	2007/08	2008/09
<b>Output and Prices</b>				
Real GDP growth (% change)	1.9	0.3	2.1	2.1
GDP (\$m current prices)	471.5	520.0	579.5	637.0
GDP (\$m. constant prices.)	309.956	311.003	317.680	324.273
Consumer prices (period average, % change)	8.4	9.9	9.1	7.7
<b>Monetary Sector (\$m)</b>				
Net foreign assets	88.0	69.7	66.2	62.9
Net domestic assets	175.1	217.5	248.9	280.9
Net domestic credit	251.7	297.0	331.4	366.4
Government (net)	-20.9	-20.9	-21.0	-21.0
Non-financial public enterprises	7.2	7.2	7.2	7.2
Private sector	265.4	310.7	345.2	380.2
Other items (net)	-76.5	-79.5	-82.5	-85.5
Broad money (M2)	235.2	258.1	285.3	312.5
Notes and bills	22.1	24.3	26.0	28.6
Government lending funds	5.8	4.8	3.8	2.8
(12-month percent change)				
Net foreign assets	15.3	-20.8	-5.0	-5.0
Net domestic assets	13.6	24.2	14.4	12.9
Net domestic credit	19.7	18.0	11.6	10.6
Government (net)	-17.1	0.0	0.5	0.0
Private sector	17.0	17.1	11.1	10.2
Broad money (M2)	15.5	9.7	10.5	9.5
Velocity (GDP/average stock of M2)	2.1	2.1	2.1	2.1
Average stock of M2	222.7	245.6	272.8	300.0

<b>Table 13.3: Macroeconomic Framework continued</b>				
<b>Government Finances (\$m)</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Total revenue and grants	135.1	147.0	160.8	171.0
Total revenue	127.6	138.7	151.8	161.3
Current revenue	127.6	138.7	151.8	161.3
Tax revenue	110.6	122.1	133.5	142.3
Nontax revenue	17.0	16.6	18.0	19.0
Capital revenue	0.0	0.0	0.0	0.0
Grants (in cash)	7.5	8.3	9.0	9.7
Total expenditure and lending minus repayments	167.4	153.6	168.3	175.6
Total expenditure	168.4	154.6	169.3	176.6
Current expenditure	161.0	146.4	157.7	164.6
Wages and salaries <sup>1</sup>	85.9	69.1	57.2	61.6
Retirement fund	4.5	5.0	4.1	4.4
Interest expense	3.8	3.8	3.8	4.0
Other expenditures	66.8	68.5	92.6	94.6
Capital expenditure	7.4	8.2	11.6	12.0
Expenditure discrepancy	0.0	0.0	0.0	0.0
Total lending minus repayments	-1.0	-1.0	-1.0	-1.0
Current balance	-33.4	-7.7	-5.9	-3.3
Overall deficit/surplus	-32.3	-6.6	-7.5	-4.6
Total financing	32.3	6.6	7.5	4.6
External financing	8.2	6.6	7.5	4.6
Disbursements	12.6	12.8	13.7	9.0
Repayments	4.4	6.1	6.1	4.4
Domestic financing	4.2	0.0	0.0	0.0
Asset sales	20.0	0.0	0.0	0.0
Overall balance (% of GDP)	-6.9	-1.3	-1.3	-0.7

Note 1: Wages and salaries in 2005/06 includes a \$22.2 million voluntary redundancy programme, to be financed from government asset sales (\$20m.) and domestic financing (including net changes in government cash balances).



<b>Table 13.3: Macroeconomic Framework continued</b>				
<b>Balance of Payments (\$m)</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Trade balance	-200.7	-224.3	-223.5	-235.4
Exports, f.o.b.	32.0	32.6	33.7	34.7
Imports, f.o.b.	-232.7	-256.9	-257.1	-270.0
Services (net)	-11.5	-9.7	-8.3	-8.9
Receipts	54.2	59.0	63.1	68.1
Payments	-65.7	-68.7	-71.3	-77.0
Income (net)	1.8	1.8	1.8	1.8
Receipts	8.1	8.1	8.1	8.1
Payments	-6.2	-6.2	-6.2	-6.2
Current transfers (net)	185.2	196.7	208.6	225.5
Official transfers (net)	2.0	2.4	2.6	3.0
Private transfers (net)	183.2	194.2	205.9	222.5
Current account balance	-25.2	-35.5	-21.4	-16.9
(Percent of GDP)	-5.4	-6.9	-3.7	-2.7
Capital account balance	33.0	14.5	15.1	17.3
Official capital flows (net)	11.9	10.5	11.1	11.3
Private capital flows (net)	21.2	4.0	4.0	6.0
Overall balance	7.9	-21.0	-6.2	0.4
Memorandum items:				
Gross official foreign reserves	93.9	72.9	66.7	67.1
In months of imports (f.o.b.)	4.8	3.4	3.0	3.0
\$ per US\$ (period average)	2.015	2.015	2.015	2.015

Sources: MFEP staff estimates and IMF staff estimates.

The public expenditure projected in Table 13.3 will be funded through a combination of budget revenues, grants and external concessional loans. In developing a projection of budget revenue, Government investigated a number of different scenarios, where key variables were changed and resulting impacts measured. The revenue projections shown in Table 13.3 incorporate the impact of tax and tariff reforms planned for the SDP8 period. Grants will be used in the most part to fund current expenditure, while Government will use loan financing to speed up the implementation of the ongoing economic and public sector reform program.

In the external sector, modest growth in nominal domestic exports is projected, while imports grow more strongly as the public service redundancy program takes effect, public servants spend some of their higher salaries, and tariff reform is implemented. Private remittances will continue to make a major contribution to foreign exchange earnings, supplemented by tourism receipts and official transfers. The current account deficit is projected to decline as a percentage of GDP after peaking in 2006/07; and with the capital account surplus rising slightly on the back of slight increases in official and private capital flows, the overall balance improves. Nonetheless, the foreign reserves level is expected to remain precarious at around 3 months of import cover. **This baseline balance of payments projection, like that for GDP, emphasises the importance of implementing the SDP8 strategies that are designed to promote outward-oriented private sector development.**

The macroeconomic framework presented above will be subject to review and revision throughout the SDP8 period, and particularly as part of the annual budgetary process.

## **14 Monitoring and Reporting**

Chapters 4-12 set out the strategies that are to be implemented during 2006/07-2008/09 in order to achieve the national development goals presented in chapter 3. Chapter 13 has indicated what financial resources are expected to be available to support the implementation of the strategies by the responsible Government agencies. These agencies will be reporting to PSC on their performance in accordance with the mechanisms established under EPSRP. They will need to (1) review their medium-term corporate plans and the associated annual management plans to ensure their alignment with SDP8 priorities; and (2) improve staff productivity in order to achieve agreed results within the funding provided. Linking corporate plans to projected resources will be facilitated through the development of the medium-term expenditure framework referred to in chapter 4 (strategy 7).

An overall assessment of progress in implementing SDP8 strategies will be undertaken every six months by a working group in the Ministry of Finance and Planning (MFP), using the SDP8 Strategy Matrix presented as Appendix 14.1. This assessment is intended to identify reasons for any sluggishness in strategy implementation and to suggest appropriate responses, including modifications to strategies and/or priorities.

Mid-term and end-of-period reviews of SDP8 by MFP will assess progress in achieving the national development goals. The goals and targets set by Government are shown in Table 14.1. Financial and technical assistance from development partners will be necessary to ensure generation of some of the survey-based data.

**Table 14.1: Goals and Targets in SDP8**

Goal	Target	Source of Information
<i><b>Vision:</b> To create a society in which all Tongans enjoy higher living standards and a better quality of life through good governance, equitable and environmentally sustainable private sector-led economic growth, improved education and health standards, and cultural development.</i>	Tonga's position in high human development category of countries is maintained, and its HDI score is improved.	UNDP, annual <i>Human Development Report</i> .
<i>Goal 1: Create a better governance environment</i>	The public sees an improvement in the transparency, accountability and predictability of Government decision-making	Customer surveys of the public, CSOs and private sector organizations
<i>Goal 2: Ensure macroeconomic stability</i>	Keep the overall budget deficit to less than 2% of GDP Bring inflation down to 7% or less. Manage the exchange rate to maintain foreign reserves at 3 months or more of import cover	Public accounts; national accounts Consumer Price Index NRBT database
<i>Goal 3: Promote sustained private sector-led growth of a globally competitive economy</i>	<u><b>Economic Growth</b></u> The real GDP average annual growth rate reaches 3-4% <u><b>General private sector development</b></u> Increase in private investment/GDP ratio from 17.5% in 2003/04 to 23% in 2008/09 <u><b>Agriculture, fisheries &amp; tourism</b></u> Agriculture grows at 2% per annum; fishing grows at 3% per annum; and total visitor numbers grow to 75,000 and holiday air arrivals grow to 35,000 by 2008/09, moving towards the official long-term target of 300,000 visitors annually.	National accounts

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Goal	Target	Source of Information
<i>Goal 4: Ensure equitable distribution of the benefits of growth</i>	<p>Gini coefficient falls from 2001 level of 0.42 for income and 0.36 for expenditure</p> <p>Headcount index falls below 23% (plus falling poverty gap index)</p> <p>Reduction in urban-rural income disparities</p> <p>Monitoring systems for identifying and measuring problems faced by vulnerable groups are in place and being used by Government to target resources</p>	<p>Household Income and Expenditure Survey</p> <p>Social survey</p>
<i>Goal 5: Improve education standards</i>	<p>Reduce year 6 repeaters from 19.8% in 2004.</p> <p>Reduce the dropout rate in non-government schools from 7.9% in 2004 towards the rate for government schools (2.3% in 2004).</p>	<p>Ministry of Education, Women's Affairs and Culture records</p>
<i>Goal 6: Improve health standards</i>	<p>Maintain the infant mortality rate below 14 per 1,000</p> <p>Reduce the prevalence of diabetes from 277 in 2003</p>	<p>Ministry of Health records</p>
<i>Goal 7: Ensure environmental sustainability and disaster risk reduction</i>	<p>Subject all major PSDP projects to a formal EIA.</p>	<p>Department of Environment records</p>
<i>Goal 8: Maintain law and order, social cohesion and cultural identity</i>	<p>Increase the conviction rate for "true" cases of criminal offences above the average 28% recorded in 2000-2004</p>	<p>Ministry of Police, Prisons and Fire Services records</p>

## Appendix 1.1: Progress toward the Millennium Development Goals

Goals and Targets	1990	1995	Latest Year	
<b>Goal 1. Eradicate Extreme Poverty and Hunger</b>				
<b>Target 1: Reduce incidence of extreme poverty by half from 1990 to 2015</b>				
1. Proportion of population below US\$1 per day (PPP-values) (%)				
National	—	—	4.0	(2000/01)
Outer Islands	—	—	3.8	(2000/01)
2. Poverty gap ratio				
National	—	—	0.077	(2000/01)
Outer Islands	—	—	0.074	(2000/01)
3. Share of poorest quintile in national consumption (%)	—	—	6.1	(2000/01)
<b>Target 2: Reduce the proportion of people who suffer from hunger by half from 1990 to 2015</b>				
4. Prevalence of child malnutrition (% of children under 5)	—	—	2.0 <sup>a</sup>	(1997)
5. Proportion of population below minimum level of dietary energy consumption (%)	—	—	Nil	
<b>Goal 2. Achieve Universal Primary Education</b>				
<b>Target 3: Attain 100 percent primary school enrolment by 2015</b>				
6. Net enrollment ratio in primary education (%)				
Total	—	95.0 <sup>b</sup>	92.0 <sup>c</sup>	91.5 <sup>c</sup> (1998/99) (2000/01)
Male	—	98.0 <sup>b</sup>	91.8 <sup>c</sup>	92.4 <sup>c</sup> (1998/99) (2000/01)
Female	—	93.0 <sup>b</sup>	92.3 <sup>c</sup>	90.4 <sup>c</sup> (1998/99) (2000/01)
7. Proportion of pupils starting Grade 1 who reach Grade 5	89.6 <sup>d</sup>	92.0 <sup>b</sup>	95.0	(2000)
8. Literacy rate of 15-24 year olds (%)				
Total	—	—	99.2 <sup>c</sup>	(1996)
Male	—	—	99.2 <sup>c</sup>	(1996)
Female	—	—	99.1 <sup>c</sup>	(1996)
<b>Goal 3. Promote Gender Equality and Empower Women</b>				
<b>Target 4: Eliminate gender disparities in primary and secondary education by 2005 and to all levels of education no later than 2015</b>				
9. Ratio of girls to boys in: (%)				
Primary education	92.0 <sup>d</sup>	86.7	87.7	(2000) (1996)
Secondary education	—	102.9	95.5	(2000) (1996)
10. Ratio of young literate females to males (% of age group 15-24)	99.0	99.0	99.0	(2000)
11. Share of women in wage employment in the non-agricultural sector	46.6	59.6	56.0	(1996) (1993)
12. Proportion of seats held by women in national parliament	0.0 <sup>d</sup>	0.0 <sup>d</sup>	0.0 <sup>d</sup>	(2002) (1997)

Goals and Targets	1990	1995	Latest Year	
<b>Goal 4. Reduce Child Mortality</b>				
<b>Target 5: Reduce infant and child mortality by two-thirds from 1990 to 2015</b>				
13. Under-5 mortality rate (per '000 live births)	27.0 <sup>d</sup>	24.0 <sup>d</sup>	16.6 (2001)	20.0 <sup>d</sup> (2002)
14. Infant mortality rate (per '000 live births)	23.0 <sup>d</sup>	19.0 (1996)	13.0 (2001)	16.0 <sup>d</sup> (2002)
15. Proportion of 1 year old children immunized against measles	81.0	93.4	93.0 (2001)	90.0 <sup>d</sup> (2002)
<b>Goal 5. Improve Maternal Health</b>				
<b>Target 6: Reduce maternal mortality rate by three-quarters between 1990 and 2015</b>				
16. Maternal mortality ratio (per 100,000 live births) <sup>e</sup>	118.3 (1994-96)	81.0 <sup>f</sup> (1996-2000)	0.0	(2001)
17. Births attended by skilled health staff (% of live births)	—	93.0	95.3	(2001)
<b>Goal 6. Combat HIV/AIDS, Malaria and Other Diseases</b>				
<b>Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS</b>				
18. HIV prevalence rate among 15-24 year old pregnant women	—	—	—	
19. Contraceptive prevalence rate (% of women aged 15-49)	—	30.8	32.8 (2000)	33.6 (2001)
20. Number of children orphaned by HIV/AIDS	Nil	Nil	Nil	
<b>Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases</b>				
21. Malaria:				
Prevalence rate (per 100,000 people)	—	—	—	
Death rate (per 100,000 people)	—	—	9.0 <sup>d</sup>	(2000)
22. Proportion of population in malaria risk areas using effective malaria prevention and treatment measures	—	—	—	
23. Tuberculosis (TB):				
Prevalence rate (per 100,000 people)	—	—	21.0 <sup>d</sup>	(2000)
Death rate (per 100,000 people)	—	—	3.0 <sup>d</sup>	(2000)
24. TB cases, DOTS:				
Detection rate (%)	—	53.0 <sup>d</sup>	98.0 <sup>d</sup> (2000)	53.0 <sup>d</sup> (2001)
Treatment success rate (%)	89.0 <sup>d</sup> (1994)	75.0 <sup>d</sup>	93.0 <sup>d</sup> (2000)	—
<b>Goal 7. Ensure Environmental Sustainability</b>				
<b>Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources</b>				
25. Forest area (% of total land area)	5.5 <sup>d</sup>	—	5.6 <sup>g</sup>	(2000)
26. Nationally protected areas (% of total land area)	—	6.0 <sup>d</sup> (1997)	5.1 <sup>g</sup>	(2002)

Goals and Targets	1990	1995	Latest Year
27. GDP per unit of energy use (PPP\$ per kg oil equivalent)	—	—	—
28. Carbon dioxide emissions (per capita metric tons)	0.8 <sup>d</sup>	1.1 <sup>d</sup>	1.2 <sup>d,g</sup> (1999)
29. Proportion of households using solid fuels			73.7% (1996)
<b>Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water</b>			
30. Access to an improved water source (% households)			
Total	—	100.0 <sup>h</sup> (1994)	100.0 <sup>h</sup> (2000)
Urban	92.0 <sup>h</sup>	100.0 <sup>h</sup> (1994)	100.0 <sup>h</sup> (2000)
Rural	98.0 <sup>h</sup>	100.0 <sup>h</sup> (1994)	100.0 <sup>h</sup> (2000)
<b>Target 11: By 2010, to have achieved a significant improvement in the lives of at least 100 million slum dwellers</b>			
31. Access to improved sanitation (% households)			
Total	—	100.0 <sup>h</sup> (1994)	93.7 <sup>i</sup> (2000)
Urban	88.0 <sup>h</sup>	100.0 <sup>h</sup> (1994)	—
Rural	78.0 <sup>h</sup>	100.0 <sup>h</sup> (1994)	—
32. Access to secure tenure (% households, owned or rented)	—	—	—

— no data available

DOTS - directly observed treatment, short course; GDP - gross domestic product; kg - kilogram; PPP\$ - purchasing power parity in United States dollar

- Sources: Unless otherwise specified, data are from the: (i) Asian Development Bank (ADB), Discussion Paper on Assessment of Hardship and Poverty (Nov-03), undertaken under regional technical assistance (RETA) 6047: Preparation of National Poverty Reduction Strategies in Pacific Developing Member Countries (PDMCs); and (ii) Secretariat of the Pacific Community (SPC), Pacific Regional Information System (PRISM) (<http://www.spc.int/PRISM>). Figures have been computed primarily from the 2000/01 Household Income and Expenditure Survey (HIES), the 1996 census, and various Labour Force Surveys (1990, 1993).
- <sup>a</sup> United Nations Development Programme (UNDP), *Pacific Human Development Report 1999*
- <sup>b</sup> United Nations Children's Fund (UNICEF), *The Progress of Nations 2000*; UNICEF, *The State of the World's Children 2003*
- <sup>c</sup> United Nations Educational, Scientific and Cultural Organization (UNESCO), Institute for Statistics (<http://www.uis.unesco.org>)
- <sup>d</sup> United Nations Statistics Division (UNSD), Millennium Indicator Database (2003) (<http://millenniumindicators.un.org>)
- <sup>e</sup> The relatively small number of actual deaths in any single year causes distortion to indicator.
- <sup>f</sup> World Health Organization (WHO), Regional Office for the Western Pacific, Country Health Profiles 2001 Revision (<http://wpro.who.int>)
- <sup>g</sup> World Bank, *The Little Green Data Book 2003*
- <sup>h</sup> WHO/UNICEF, Joint Monitoring Programme for Water Supply and Sanitation, Coverage Estimates 1980-2000 (Sept-01); WHO/UNICEF/Water Supply and Sanitation Collaborative Council, *Global Water Supply and Sanitation Assessment 2000 Report*
- <sup>i</sup> Ministry of Health, *Annual Report 2000*; Ministry of Health, *Corporate Plan 2001/02-2003/04*



**Appendix 1.2: Summary of Environmental Legislation**

Responsible Ministry	Existing Legislation
Ministry of Lands, Survey & Natural Resources	The Land Act 1927 Birds & Fish Preservation Act, amended in 1974 Parks & Reserve Act 1976 Royal Proclamation 1887 Royal Proclamation 1972 The Continental Shelf Act of 1970 [CAP. 63]: The Territorial Sea and Exclusive Economic Zone Act 1978 Mineral Acts 1949
Ministry of Fisheries	Fisheries Act 1989 Aquaculture Management Act 2003 Fisheries Regulation Fisheries Management Act 2002 Terrestrial and Fisheries (Conservation and Management) Regulation 1994
Department of Environment	Environmental Impact Assessment 2003 Waste Management Act 2005
Ministry of Agriculture and Food	Crop Compensation Act Quarantine Act 1970 The Plant Quarantine Act, Vol. 4, 1988 The Pesticide Act and Regulations, Vol. 4: 2002 Rhinoceros Beetle Act, Vol. 4, 1988 Tax Allotment Holder
Ministry of Forestry	Noxious Weeds Act (CAP 128) Forests Act, CAP 126
Ministry of Marine & Ports	Marine Pollution Act 2002

<b>International Agreements</b>	<b>Date Signed</b>	<b>Date Acceded/Ratified</b>	<b>Role of the Department of Environment</b>
Convention on Biological Diversity		19 May 1998	Implementing Agency
Cartagena Protocol on Biosafety		18 May 2003	Implementing Agency Competent Authority, Clearing House Mechanism
United Nations Convention to Combat Desertification		20 July 1998	Implementing Agency
United Nations Framework Convention on Climate Change		20 July 1998	Implementing Agency
Vienna Convention for Protection on Ozone Layer		29 July 1998	Implementing Agency
Montreal Protocol		29 July 1998	Implementing Agency
London Amendment		26 November 2003	Implementing Agency
Copenhagen Amendment		26 November 2003	Implementing Agency
Montreal Amendment		26 November 2003	Implementing Agency
Beijing Amendment		26 November 2003	Implementing Agency
Stockholm Convention on Persistent Organic Pollutants	22 May 2002		Implementing Agency
Marine Pollution Convention (MARPOL)		1 May 1996	Implementing Agency
Protocol to the Convention on the Prevention of Marine Pollution by Dumping Wastes and other Matters		18 September 2003	Implementing Agency
Waigani Convention	16 September 1995	22 May 2002	Focal Point
<i>Agreement Establishing SPREP</i>	<i>15 September 1995</i>		Focal Point

**Appendix 2.1: Persons and Organisations Consulted for SDP8 Preparation**

<b>Tongatapu</b>					
	<b>Names</b>	<b>Group</b>	<b>Village</b>	<b>Venue</b>	<b>Date Consulted</b>
1	Tevita Toluta'u	A/Town Officer	Navutoka	Navutoka Wesleyan Hall	07/06/2005
2	Kalio Moala	District Officer	Lapaha	Navutoka Wesleyan Hall	07/06/2005
3	Rev. Siosaia Lolohea	Weslyan Church	Navutoka	Navutoka Wesleyan Hall	07/06/2005
4	Mosese Vailea	Town Officer	Afa	Navutoka Wesleyan Hall	07/06/2005
5	Atunaisa Muli	Town Officer	Eueiki	Navutoka Wesleyan Hall	07/06/2005
6	Sanaila Kaufusi	Town Officer	Hoi	Navutoka Wesleyan Hall	07/06/2005
7	Tai Langi	Town Officer	Kolonga	Navutoka Wesleyan Hall	07/06/2005
8	Siosifa Lamipeti	Town Officer	Makaunga	Navutoka Wesleyan Hall	07/06/2005
9	Tofele Li	Town Officer	Manuka	Navutoka Wesleyan Hall	07/06/2005
10	Lolomana'ia Fanguna	Town Officer	Navutoka	Navutoka Wesleyan Hall	07/06/2005
11	Sione Tangitau Liku	Town Officer	Niutoua	Navutoka Wesleyan Hall	07/06/2005
12	Sitiveni Fe'ao	Town Officer	Nukuleka	Navutoka Wesleyan Hall	07/06/2005
13	Silifou Tu'i'onetoa	Town Officer	Talafo'ou	Navutoka Wesleyan Hall	07/06/2005
14	Sione Tulikihefua	Village Committee	Eueiki	Navutoka Wesleyan Hall	07/06/2005
15	Maama Haupeakui	Village Committee	Hoi	Navutoka Wesleyan Hall	07/06/2005
16	Tapu Mafile'o	Village Committee	Kolonga	Navutoka Wesleyan Hall	07/06/2005
17	Nivaleti Melekiola	Village Committee	Lapaha	Navutoka Wesleyan Hall	07/06/2005
18	Sitani Kautai	Village Committee	Lapaha	Navutoka Wesleyan Hall	07/06/2005
19	Sione 'Ofamo'oni	Village Committee	Makaunga	Navutoka Wesleyan Hall	07/06/2005
20	Iteni Lotefia	Village Committee	Manuka	Navutoka Wesleyan Hall	07/06/2005
21	Paluki Fisi'iahi	Village Committee	Niutoua	Navutoka Wesleyan Hall	07/06/2005
22	Tauape Latu	Village Committee	Nukuleka	Navutoka Wesleyan Hall	07/06/2005
23	Timote Tui	Village Committee	Talafo'ou	Navutoka Wesleyan Hall	07/06/2005
24	Losini Koloamatangi	District Officer	Mu'a	Vaini Wesleyan Hall	08/06/2005
25	Epalahame Taukei'aho	Town Officer	Tokomololo	Vaini Wesleyan Hall	08/06/2005
26	Etuata Ngata	Town Officer	Holonga	Vaini Wesleyan Hall	08/06/2005
27	Seluini Mafi	Town Officer	Longoteme	Vaini Wesleyan Hall	08/06/2005

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28	Sione Kilifi	Town Officer	Nakolo	Vaini Wesleyan Hall	08/06/2005
29	Sione Lafo	Town Officer	Ha'ateiho	Vaini Wesleyan Hall	08/06/2005
30	Toni Taufa	Town Officer	Ha'asini	Vaini Wesleyan Hall	08/06/2005
31	Tui Kula	Town Officer	Vaini	Vaini Wesleyan Hall	08/06/2005
32	Hufekina Naufahu	Town Officer	Haveluliku	Vaini Wesleyan Hall	08/06/2005
33	Sione Lamipeti	Town Officer	Fatumu	Vaini Wesleyan Hall	08/06/2005
34	Lemoto Misiloi	Village Committee	Longoteme	Vaini Wesleyan Hall	08/06/2005
35	Opeti Taufahema	Village Committee	Haveluliku	Vaini Wesleyan Hall	08/06/2005
36	Papa Lamipeti	Village Committee	Fatumu	Vaini Wesleyan Hall	08/06/2005
37	Pulotu Lemoto	Village Committee	Ha'ateiho	Vaini Wesleyan Hall	08/06/2005
38	Sama Tupoumalohi	Village Committee	Haveluliku	Vaini Wesleyan Hall	08/06/2005
39	Sione Ma'a	Village Committee	Holonga	Vaini Wesleyan Hall	08/06/2005
40	Sione Tauki'uvea	Village Committee	Nakolo	Vaini Wesleyan Hall	08/06/2005
41	Siteini Makahununiu	Village Committee	Vaini	Vaini Wesleyan Hall	08/06/2005
42	Tevita Toafa	Village Committee	Tokomololo	Vaini Wesleyan Hall	08/06/2005
43	Faiva Tu'ifua	District Officer	Kolofo'ou	Gospel Church Hall	09/06/2005
44	Alotaisi Takau	Town Officer	Ma'ufanga	Gospel Church Hall	09/06/2005
45	Sio Tu'iano	Town Officer	Kolomotu'a	Gospel Church Hall	09/06/2005
46	Kioa Kaufusi	Town Officer	Haveluloto	Gospel Church Hall	09/06/2005
47	Tevita Mafile'o	Town Officer	Hofoa	Gospel Church Hall	09/06/2005
48	Malolo Tupou	Town Officer	Puke	Gospel Church Hall	09/06/2005
49	Vili Hefa	Village Committee	Ma'ufanga	Gospel Church Hall	09/06/2005
50	Nu'ulua Moala	Village Committee	Ma'ufanga	Gospel Church Hall	09/06/2005
51	Hanisi Misieli	Village Committee	Ma'ufanga	Gospel Church Hall	09/06/2005
52	Pefiume Makasini	Village Committee	Ma'ufanga	Gospel Church Hall	09/06/2005
53	Lopeti Heimuli	Village Committee	Kolomotu'a	Gospel Church Hall	09/06/2005
54	Tevita 'U. Tu'itavake	Village Committee	Kolomotu'a	Gospel Church Hall	09/06/2005
55	Taniela 'Otukolo	Village Committee	Kolomotu'a	Gospel Church Hall	09/06/2005
56	Inoke Selupe	Acting Town Officer	Te'ekiu	Polutele Hall	13/06/2005
57	Pita Finaulahi	Acting Town Officer	Kanokupolu	Polutele Hall	13/06/2005
58	Sione Liava'a	Acting Town Officer	Nukunuku	Polutele Hall	13/06/2005
59	Masima Sefesei	District Officer	'Ahau	Polutele Hall	13/06/2005
60	Masinisa Tu'ipulotu	District Officer	Ahau	Polutele Hall	13/06/2005
61	Isime'eli Motu'apuaka	Town Officer	Te'ekiu	Polutele Hall	13/06/2005
62	Kamoto	Town Officer	Te'ekiu	Polutele Hall	13/06/2005
63	Lesoni 'Olive	Town Officer	Ha'avakatolo	Polutele Hall	13/06/2005
64	Sione Lolohea	Town Officer	Fatai	Polutele Hall	13/06/2005
65	Sione Ula	Town Officer	Matafonua	Polutele Hall	13/06/2005
66	Sosefo Kuea	Town Officer	Utulau	Polutele Hall	13/06/2005
67	Timote Kaivelata	Town Officer	Utulau	Polutele Hall	13/06/2005
68	Vaiangina Tupou	Town Officer	Ha'alalo	Polutele Hall	13/06/2005
69	Aleki Lolo	Village Committee	Hihifo	Polutele Hall	13/06/2005
70	Hingano Hafoka	Village Committee	Kolovai	Polutele Hall	13/06/2005
71	Latu Vehikite	Village Committee	Fahefa	Polutele Hall	13/06/2005
72	Otani Tu'inauvai	Village Committee	Ha'atafu	Polutele Hall	13/06/2005
73	Puna Funaki	Village Committee	Nukunuku	Polutele Hall	13/06/2005
74	Salesi 'ongi	Village Committee	Nukunuku	Polutele Hall	13/06/2005

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75	Sione Lauhingoa	Village Committee	Nukunuku	Polutele Hall	13/06/2005
76	Sione Ma'u Taueli	Village Committee	Fatai	Polutele Hall	13/06/2005
77	Sione Tupou	Village Committee	Matafonua	Polutele Hall	13/06/2005
78	Viliani Hakaumotu	Village Committee	Ha'alalo	Polutele Hall	13/06/2005
79	Kalio Moala	District Officer	Lapaha	Mata'aho Hall Mu'a	15/06/2005
80	Melenga Kanongata'a	Town Officer	Mu'a	Mata'aho Hall Mu'a	15/06/2005
81	Mosese Vailea	Town Officer	Afa	Mata'aho Hall Mu'a	15/06/2005
82	Semisi Laume	Town Officer	Fua'amotu	Mata'aho Hall Mu'a	15/06/2005
83	Alisi Kanongata'a	Women's Committee	Mu'a	Mata'aho Hall Mu'a	15/06/2005
84	Ane Fale	Women's Committee	Talasiu	Mata'aho Hall Mu'a	15/06/2005
85	Apikale Vaka	Women's Committee	Mu'a	Mata'aho Hall Mu'a	15/06/2005
86	Fakalaka Lamipeti	Women's Committee	Fatumu	Mata'aho Hall Mu'a	15/06/2005
87	Helena Naufahu	Women's Committee	Haveluliku	Mata'aho Hall Mu'a	15/06/2005
88	Ilaisaane Manisela	Women's Committee	Talasiu	Mata'aho Hall Mu'a	15/06/2005
89	Loata Silatolu	Women's Committee	Alakifonua	Mata'aho Hall Mu'a	15/06/2005
90	Loenita Ve'ehala	Women's Committee	Niutoua	Mata'aho Hall Mu'a	15/06/2005
91	Lofia Lanumata	Women's Committee	Lapaha	Mata'aho Hall Mu'a	15/06/2005
92	Makineti Vailea	Women's Committee	Afa	Mata'aho Hall Mu'a	15/06/2005
93	Miti Tupou	Women's Committee	Fua'amotu	Mata'aho Hall Mu'a	15/06/2005
94	Mo'unga Fakatou	Women's Committee	Mu'a	Mata'aho Hall Mu'a	15/06/2005
95	Ofa Fakaanga	Women's Committee	Nakolo	Mata'aho Hall Mu'a	15/06/2005
96	Siloni Tu'akalau	Women's Committee	Tatakamotonga	Mata'aho Hall Mu'a	15/06/2005
97	Sisi Palu	Women's Committee	Navutoka	Mata'aho Hall Mu'a	15/06/2005
98	Sitani Lo'amanu	Women's Committee	Tatakamotonga	Mata'aho Hall Mu'a	15/06/2005
99	Siu Lo'amanu	Women's Committee	Tatakamotonga	Mata'aho Hall Mu'a	15/06/2005
100	Toakase Tonga	Women's Committee	Fua'amotu	Mata'aho Hall Mu'a	15/06/2005
101	Tuitui Ngata	Women's Committee	Holonga	Mata'aho Hall Mu'a	15/06/2005
102	Uinise Tulikihefua	Women's Committee	Eueiki	Mata'aho Hall Mu'a	15/06/2005
103	Uipolata Kautai	Women's Committee	Lapaha	Mata'aho Hall Mu'a	15/06/2005
104	Amelia Vailea	Youth	Afa	Mata'aho Hall Mu'a	15/06/2005
105	Ana Kilifi	Youth	Nakolo	Mata'aho Hall Mu'a	15/06/2005
106	Ana Timani	Youth	Manuka	Mata'aho Hall Mu'a	15/06/2005
107	Falakika Lamipeti	Youth	Makaunga	Mata'aho Hall Mu'a	15/06/2005
108	Feleti Fonua Vailea	Youth	Afa	Mata'aho Hall Mu'a	15/06/2005

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109	Limoni Vea	Youth	Eueiki	Mata'aho Hall Mu'a	15/06/2005
110	Lolohea Tafisi	Youth	Eueiki	Mata'aho Hall Mu'a	15/06/2005
111	Melevila Veikoso	Youth	Hoi	Mata'aho Hall Mu'a	15/06/2005
112	Mesake Taliai	Youth	Haveluliku	Mata'aho Hall Mu'a	15/06/2005
113	Paea Kepu	Youth	Makaunga	Mata'aho Hall Mu'a	15/06/2005
114	Papa Lamipeti	Youth	Fatumu	Mata'aho Hall Mu'a	15/06/2005
115	Penimani Peaua	Youth	Fua'amotu	Mata'aho Hall Mu'a	15/06/2005
116	Petelo Puli'uvea	Youth	Lapaha	Mata'aho Hall Mu'a	15/06/2005
117	Semisi Naufahu	Youth	Haveluliku	Mata'aho Hall Mu'a	15/06/2005
118	Siale Faleta	Youth	Navutoka	Mata'aho Hall Mu'a	15/06/2005
119	Simione Ika	Youth	Talafu'ou	Mata'aho Hall Mu'a	15/06/2005
120	Taimifo'ou Taufu	Youth	Ha'asini	Mata'aho Hall Mu'a	15/06/2005
121	Tenisia Kaulave	Youth	Fatumu	Mata'aho Hall Mu'a	15/06/2005
122	Tevita Polutele	Youth	Fua'amotu	Mata'aho Hall Mu'a	15/06/2005
123	Tofele Li Jr	Youth	Manuka	Mata'aho Hall Mu'a	15/06/2005
124	Tomasi Aso	Youth	Pelehake	Mata'aho Hall Mu'a	15/06/2005
125	Tupou Ahokava	Youth	Navutoka	Mata'aho Hall Mu'a	15/06/2005
126	Uluaki Tonga	Youth	Ha'asini	Mata'aho Hall Mu'a	15/06/2005
127	Vila Tupouniua	Youth	Hoi	Mata'aho Hall Mu'a	15/06/2005
128	Vili Lui	Youth	Niutoua	Mata'aho Hall Mu'a	15/06/2005
129	Etuatae Siaoisi	Town Officer	Pea	Ha'ateiho Wesleyan Hall	16/06/2005
130	Heneli 'Ahovelu	Town Officer	Folaha	Ha'ateiho Wesleyan Hall	16/06/2005
131	Sione Lafo	Town Officer	Ha'ateiho	Ha'ateiho Wesleyan Hall	16/06/2005
132	Losaline Tu'ipulotu	Women's Committee	Tokomololo	Ha'ateiho Wesleyan Hall	16/06/2005
133	Asena Puafisi	Women's Committee	Ha'ateiho	Ha'ateiho Wesleyan Hall	16/06/2005
134	Etina Laumape	Women's Committee	Pea	Ha'ateiho Wesleyan Hall	16/06/2005
135	Halaki'umata Talanoa	Women's Committee	Vaini	Ha'ateiho Wesleyan Hall	16/06/2005
136	Mele Taufu	Women's Committee	Ha'ateiho	Ha'ateiho Wesleyan Hall	16/06/2005
137	Sioana 'Iongi	Women's Committee	Tokomololo	Ha'ateiho Wesleyan Hall	16/06/2005
138	Talavao Vaka'uta	Women's Committee	Longoteme	Ha'ateiho Wesleyan Hall	16/06/2005
139	Tautu'u Suka	Women's Committee	Tokomololo	Ha'ateiho Wesleyan Hall	16/06/2005
140	Minoneti Hafoka	Youth	Veitongo	Ha'ateiho Wesleyan Hall	16/06/2005
141	Iveti Kiutau	Youth	Longoteme	Ha'ateiho Wesleyan Hall	16/06/2005
142	Samiu Holopulu	Youth	Veitongo	Ha'ateiho Wesleyan Hall	16/06/2005
143	Seluini Mafi	Youth	Longoteme	Ha'ateiho Wesleyan Hall	16/06/2005
144	Mataiasi Holani	District Officer	Kolomotu'a	Gospel Church Hall	20/06/2005
145	Sio Tu'iano	Town Officer	Kolomotu'a	Gospel Church Hall	20/06/2005
146	Lisiate Sandy	Village Committee	Kolofo'ou	Gospel Church Hall	20/06/2005
147	Meleke Taufu	Village Committee	Hala'ovave	Gospel Church Hall	20/06/2005
148	Akosia Tu'a	Women's Committee	Sopu	Gospel Church Hall	20/06/2005

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149	Ana Kalonihea	Women's Committee	Sopu	Gospel Church Hall	20/06/2005
150	Elisiva Palaki	Women's Committee	Sopu	Gospel Church Hall	20/06/2005
151	Fakava Hoeft	Women's Committee	Sopu	Gospel Church Hall	20/06/2005
152	Folole Mafile'o	Women's Committee	Kolomotu'a	Gospel Church Hall	20/06/2005
153	Kalisi Fifita	Women's Committee	Halaleva	Gospel Church Hall	20/06/2005
154	Lotu Malu	Women's Committee	Houmakelikao	Gospel Church Hall	20/06/2005
155	Meleane Finau	Women's Committee	Kolofo'ou	Gospel Church Hall	20/06/2005
156	Mele Lolo	Women's Committee	Pili	Gospel Church Hall	20/06/2005
157	Mele-Peti Langi	Women's Committee	Kolofo'ou	Gospel Church Hall	20/06/2005
158	Seini Tu'ifua	Women's Committee	Fasi	Gospel Church Hall	20/06/2005
159	Seini Tu'itupou	Women's Committee	Kolomotu'a	Gospel Church Hall	20/06/2005
160	Sela Hopoi	Women's Committee	Kolofo'ou	Gospel Church Hall	20/06/2005
161	Sepi Havea	Women's Committee	Sopu	Gospel Church Hall	20/06/2005
162	Tilema Hurrell	Women's Committee	Sopu	Gospel Church Hall	20/06/2005
163	Tolofi Lave	Women's Committee	Sopu	Gospel Church Hall	20/06/2005
164	Hola Siale	Youth	Popua	Gospel Church Hall	20/06/2005
165	Maile Luani	Youth	Kolofo'ou	Gospel Church Hall	20/06/2005
166	Milika Laulotu	Youth	Houmakelikao	Gospel Church Hall	20/06/2005
167	Ofa Paongo	Youth	Houmakelikao	Gospel Church Hall	20/06/2005
168	Olivia Moala	Youth	Sopu	Gospel Church Hall	20/06/2005
169	Poli Faleafa	Youth	Kolomotu'a	Gospel Church Hall	20/06/2005
170	Salote Malu	Youth	Houmakelikao	Gospel Church Hall	20/06/2005
171	Sitani Lolo	Youth	Houmakelikao	Gospel Church Hall	20/06/2005
172	Simaile Pi'ei	Village Committee	Lakepa	Polutele Hall	21/06/2005
173	Taku 'Alatini	Women's Committee	Ahau	Polutele Hall	21/06/2005
174	Ofa Taufua Tautuiaki	Women's Committee	Ahau	Polutele Hall	21/06/2005
175	Lupe Hufanga	Women's Committee	Fatai	Polutele Hall	21/06/2005
176	Ofa Fifita	Women's Committee	Kanokupolu	Polutele Hall	21/06/2005
177	Kalolaine Muller	Women's Committee	Matafonua	Polutele Hall	21/06/2005
178	Mosiana Leha	Women's Committee	Nukunuku	Polutele Hall	21/06/2005
179	Sione Liava'a	Youth	Ha'avakatolo	Polutele Hall	21/06/2005
180	Inoke Selupe	Youth	Kolovai	Polutele Hall	21/06/2005
181	Sione Vaioleti	Youth	Kolovai	Polutele Hall	21/06/2005
182	Viliami Soafa	Youth	Kolovai	Polutele Hall	21/06/2005
183	Manu Selupe	Youth	Kolovai	Polutele Hall	21/06/2005
184	Senolita Sekona	Youth	Matafonua	Polutele Hall	21/06/2005

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185	Lola Hufanga	Youth	Matafonua	Polutele Hall	21/06/2005
186	Atalo Funaki	Youth	Matafonua	Polutele Hall	21/06/2005
187	Aleki Lolo	Youth	Matafonua	Polutele Hall	21/06/2005
188	Peni Makanesi	Youth	Matafonua	Polutele Hall	21/06/2005
189	Puna Funaki	Youth	Matafonua	Polutele Hall	21/06/2005
190	Vaiangina Tupou	Youth	Matafonua	Polutele Hall	21/06/2005
191	Sione Funaki	Youth	Matafonua	Polutele Hall	21/06/2005
192	Siua Finau	Youth	Nukunuku	Polutele Hall	21/06/2005
193	Telekaki Mafi	Youth	Nukunuku	Polutele Hall	21/06/2005
194	Salesi 'Iongi	Youth	Nukunuku	Polutele Hall	21/06/2005
195	Lasa Mapa	Youth	Nukunuku	Polutele Hall	21/06/2005

### Vava'u

	Name	Group	Village	Venue	Date Consulted
1	Tevita Pauni	District Officer	Haalaufuli	Governor's Office	12/07/2005
2	Alipate Hingano	District Officer	Leimatu'a	Governor's Office	12/07/2005
3	Peauafi Tatafu	District Officer	Ngaunoho	Governor's Office	12/07/2005
4	Sini Nafe	Farmers' Association	Leimatu'a	Governor's Office	12/07/2005
5	Paula Kava	Business Association	Neiafu	Governor's Office	12/07/2005
6	Uele Moala	Town Officer	Holeva	Governor's Office	12/07/2005
7	Minaati Fifita	Town Officer	Koloa	Governor's Office	12/07/2005
8	Metui Loni	Town Officer	Taanea	Governor's Office	12/07/2005
9	Solomone Fuavao	Town Officer	Holonga	Governor's Office	12/07/2005
10	Filimone Mahe	Town Officer	Talihau	Governor's Office	12/07/2005
11	Moteita Falekaono	Town Officer	Taoa	Governor's Office	12/07/2005
12	Paula Palefau	Town Officer	Tuanekivale	Governor's Office	12/07/2005
13	Manusiu Tupou	Town Officer	Mangia	Governor's Office	12/07/2005
14	Moana Nimo	Town Officer	Vaimalo	Governor's Office	12/07/2005
15	Sanga Vulangi	Town Officer	Feletoa	Governor's Office	12/07/2005
16	Sione K Tuita	Town Officer	Falaleu	Governor's Office	12/07/2005
17	Sione Vailea	Town Officer	Utulei	Governor's Office	12/07/2005
18	Iteni Pongia	Town Officer	Utungake	Governor's Office	12/07/2005
19	Tevita Manuofetoa	Town Officer	Pangaimotu	Governor's Office	12/07/2005
20	Havea Lolohea	Town Officer	Haakio	Governor's Office	12/07/2005
21	Eukaliti Halaifonua	Town Officer	Houma	Governor's Office	12/07/2005
22	Tuakifa Havea	Town Officer	Mataika	Governor's Office	12/07/2005
23	Sione Vuki	Vanilla Association	Neiafu	Governor's Office	12/07/2005
24	Ahololo Fo'i'akau	Village Committee	Utulei	Governor's Office	12/07/2005
25	Vaisingano Tupou	Village Committee	Mangia	Governor's Office	12/07/2005
26	Etimoni Vaka	Village Committee	Ta'anea	Governor's Office	12/07/2005
27	Filipa Manuofetoa	Village Committee	Pangaimotu	Governor's Office	12/07/2005
28	Ofa Masila	Women's Committee	Falaleu	Governor's Office	12/07/2005
29	Lavinia Mahe	Women's Committee	Talau	Governor's Office	12/07/2005
30	Motulalo Halahala	Women's Committee	Makave	Governor's Office	12/07/2005
31	Maopa Otuafi	Women's Committee	Ha'alaufuli	Governor's Office	12/07/2005
32	Palu Sinipata	Women's Committee	Taoa	Governor's Office	12/07/2005
33	Moahengi Pua	District Officer	Hunga	Governor's Office	18/07/2005
34	Napa'a Halatanu	Town Officer	Hunga	Governor's Office	18/07/2005
35	Sateki Kivalu	Town Officer	Nuapapu	Governor's Office	18/07/2005
36	Uikelotu Taufu	Town Officer	Lape	Governor's Office	18/07/2005
37	Kilisimasi	Town Officer	Otea	Governor's Office	18/07/2005



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	Ma'ukoloa				
38	Semisi Ngu	Town Officer	Kapa	Governor's Office	18/07/2005
39	Ofa Blake	Town Officer	Falevai	Governor's Office	18/07/2005
40	Valupe'i Vaisima	Town Officer	Ovaka	Governor's Office	18/07/2005
41	Netane Fifita	Town Officer	Matamaka	Governor's Office	18/07/2005
42	Viliani Leakona	Village Committee	Falevai	Governor's Office	18/07/2005
43	Kaveinga Tukuafu	Village Committee	Lape	Governor's Office	18/07/2005
44	Manase Tu'ifua	Village Committee	Neiafu	Governor's Office	18/07/2005
45	La'ie Tonga	Women's Committee	Neiafutahi	Governor's Office	18/07/2005
46	Ana Toumohuni	Women's Committee	Noapapu	Governor's Office	18/07/2005
47	Suliana Havea	Women's Committee	Falaleu	Governor's Office	18/07/2005
48	Akanesi Timote	Women's Committee	Masilamea	Governor's Office	18/07/2005
49	Ma'u Fau'ese	Women's Committee	Falaleu	Governor's Office	18/07/2005
50	Soana Masuni	Women's Committee	Falaleu	Governor's Office	18/07/2005
51	Keleni Vailea	Women's Committee	Otea	Governor's Office	18/07/2005
52	Fine Halauafu	Women's Committee	Otea	Governor's Office	18/07/2005
53	Lopasi Fisi'ikava	Women's Committee	Houmelei	Governor's Office	18/07/2005
54	Uate Mafi	Youth	Matamaka	Governor's Office	18/07/2005
55	Efoti Tupou	Youth	Kapa	Governor's Office	18/07/2005
56	Aho Pepa	Youth	Kapa	Governor's Office	18/07/2005
57	Lopeti To'ia	Youth	Nuapapu	Governor's Office	18/07/2005
58	Naisa Tu'inauvai	Youth	Ovaka	Governor's Office	18/07/2005
59	Hema Kale	Youth	Makave	Governor's Office	18/07/2005
60	Holomesi Lilo	Youth	Holonga	Governor's Office	18/07/2005
61	Fe'ofa'aki Latu	Post Office	Neiafu	Governor's Office	18/07/2005
62	Lea'aetua Tu'itupou	Defence	Neiafu	Governor's Office	18/07/2005
63	Leody G. Vainikolo	Agriculture	Neiafu	Governor's Office	18/07/2005
64	Otenili Fisi'ikava	Fisheries	Neiafu	Governor's Office	18/07/2005
65	Sipati Fusikata	Planning	Masilamea	Governor's Office	18/07/2005
66	Solomone Young	Finance	Neiafu	Governor's Office	18/07/2005
67	Tasimani Telefoni	Foreign Affairs	Sailoame	Governor's Office	18/07/2005
68	Tevita P Ma	Education	Talau	Governor's Office	18/07/2005
69	Tupou Lavemaau	Revenue Services	Saineai	Governor's Office	18/07/2005
70	Tu'uta 'Eliesa	Police	Neiafu	Governor's Office	18/07/2005
71	Finau Tupou	District Officer	Neiafu	Governor's Office	19/07/2005
72	Paula Palefau	Town Officer	Tu'anekeviale	Governor's Office	19/07/2005
73	Hainite Ata	Town Officer	Longomapu	Governor's Office	19/07/2005
74	Lingikoni Kaafi	Town Officer	Tefisi	Governor's Office	19/07/2005
75	Hala Otukolo	Town Officer	Neiafu	Governor's Office	19/07/2005
76	Sione Vailea	Town Officer	Olo'ua	Governor's Office	19/07/2005
77	Ovaleni 'Ilangana	Town Officer	Ofu	Governor's Office	19/07/2005
78	Sateki Lea	Town Officer	Makave	Governor's Office	19/07/2005
79	Alavini Vea	Town Officer	Toula	Governor's Office	19/07/2005
80	Lata Alatini	Town Officer	Okoa	Governor's Office	19/07/2005
81	Heamasi Finau	Town Officer	Tu'anuku	Governor's Office	19/07/2005
82	Melehi'fo Latu'ila	Vava'u Handicraft	Neiafu	Governor's Office	19/07/2005
83	Amone Tupa	Village Committee	Tefisi	Governor's Office	19/07/2005
84	Saia Motumanu	Village Committee	Ofu	Governor's Office	19/07/2005
85	Lopini Kautai	Village Committee	Tefisi	Governor's Office	19/07/2005
86	Aisea Inia	Village Committee	Tu'anuku	Governor's Office	19/07/2005
87	Solo Kolo	Village Committee	Tu'anuku	Governor's Office	19/07/2005
88	Olafehi Fainu	Village Committee	Tefisi	Governor's Office	19/07/2005
89	Tevita Kaitu'u	Village Committee	Kameli	Governor's Office	19/07/2005

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90	Semisi Tau'alupe	Village Committee	Neiafu	Governor's Office	19/07/2005
91	Tevita Fonokalafi	Village Committee	Makave	Governor's Office	19/07/2005
92	Sisilia Hoef	Women's Committee	Neiafu	Governor's Office	19/07/2005
93	Hainite McLean	Women's Committee	Vaipua	Governor's Office	19/07/2005
94	Taliola Falesiva	Women's Committee	Mataika	Governor's Office	19/07/2005
95	Lesieli Tonga	Women's Committee	Neiafu	Governor's Office	19/07/2005
96	Ane Tu'ata'ane	Women's Committee	Longomapu	Governor's Office	19/07/2005
97	Popua Ata	Women's Committee	Longomapu	Governor's Office	19/07/2005
98	Fine Kale	Women's Committee	Makave	Governor's Office	19/07/2005
99	Linita Sinipata	Women's Committee	Masilamea	Governor's Office	19/07/2005
100	Uenita Tapa'atoutai	Women's Committee	Masilamea	Governor's Office	19/07/2005
101	Paongo Ma'u	Women's Committee	Masilamea	Governor's Office	19/07/2005
102	Anga'aeahu Kautai	Women's Committee	Tefisi	Governor's Office	19/07/2005
103	Senitila 'Asitia	Women's Committee	Taoa	Governor's Office	19/07/2005
104	Setaita Paea	Youth	Neiafu	Governor's Office	19/07/2005
105	Fe'ofa'aki Havili	Youth	Kameli	Governor's Office	19/07/2005
106	Lilikoi Blake	Youth	Neiafu	Governor's Office	19/07/2005
107	Petulisa Fangupo	Youth	Feletoa	Governor's Office	19/07/2005
108	Loseli 'Unga	Youth	Neiafu	Governor's Office	19/07/2005
109	Sela Tauheleuhelu	Youth	Falaleu	Governor's Office	19/07/2005
110	Seini Laulaupea'alu	Youth	Okoa	Governor's Office	19/07/2005
111	Vahe'a Lilo	Youth	Neiafu	Governor's Office	19/07/2005
112	Lesieli Halafihi	Youth	Fungamisi	Governor's Office	19/07/2005
113	Ana Lolesio	Youth	Kameli	Governor's Office	19/07/2005
114	Alaipuke 'Esau	Youth	Neiafu	Governor's Office	19/07/2005
115	Sikamana Taufateau	Youth	Feletoa	Governor's Office	19/07/2005

### Ha'apai

	<b>Name of participants</b>	<b>Group</b>	<b>Village</b>	<b>Venue</b>	<b>Date Consulted</b>
1	Moli Ngalu	District Officer	Ha'ano	Ha'apai High School	20/07/2005
2	Kelepi Fotu	District Officer	Hihifo	Ha'apai High School	20/07/2005
3	Malakai Hale	District Officer	Uiha	Ha'apai High School	20/07/2005
4	Ulitu Po'uha	Town Officer	Fakakai	Ha'apai High School	20/07/2005
5	Kula Kaimaka	Town Officer	Faleloa	Ha'apai High School	20/07/2005
6	Ulu Tamale	Town Officer	Fangale'ounga	Ha'apai High School	20/07/2005
7	Sione Tupou	Town Officer	Felemea	Ha'apai High School	20/07/2005
8	Tevita Mahe	Town Officer	Fotua	Ha'apai High School	20/07/2005
9	Sione Fifita	Town Officer	Ha'ano	Ha'apai High School	20/07/2005
10	Siaosi Makineti	Town Officer	Hihifo	Ha'apai High School	20/07/2005
11	Saimone Manu	Town Officer	Holopeka	Ha'apai High School	20/07/2005
12	Livai Kaivei	Town Officer	Koulo	Ha'apai High School	20/07/2005
13	Taani Vaipulu	Town Officer	Lofanga	Ha'apai High School	20/07/2005

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14	Saia Langi	Town Officer	Muitoa	School Ha'apai High School	20/07/2005
15	Moimoi Fakahua	Town Officer	Pangai	Ha'apai High School	20/07/2005
16	Kienga Tu'imoala	Town Officer	Pukotala	Ha'apai High School	20/07/2005
17	Sione Puna'ivaha	Town Officer	Uiha	Ha'apai High School	20/07/2005
18	Lihati 'Otunuku	Village Committee	Fakakai	Ha'apai High School	20/07/2005
19	Ueini Pousima	Village Committee	Fakakai	Ha'apai High School	20/07/2005
20	Aisea Vala	Village Committee	Faleloa	Ha'apai High School	20/07/2005
21	Lomani Pomale	Village Committee	Felemea	Ha'apai High School	20/07/2005
22	Manu Masima	Village Committee	Felemea	Ha'apai High School	20/07/2005
23	Sione Fua	Village Committee	Foa	Ha'apai High School	20/07/2005
24	Paula Tu'itavuki	Village Committee	Ha'ano	Ha'apai High School	20/07/2005
25	Potauaine Katoa	Village Committee	Ha'ano	Ha'apai High School	20/07/2005
26	Fetuli Tonga'onevai	Village Committee	Ha'ato'u	Ha'apai High School	20/07/2005
27	Latu Sitaleki	Village Committee	Ha'ato'u	Ha'apai High School	20/07/2005
28	Sailosi Fanua	Village Committee	Ha'ato'u	Ha'apai High School	20/07/2005
29	Latiume Kaufusi	Village Committee	Hihifo	Ha'apai High School	20/07/2005
30	Pouanga	Village Committee	Hihifo	Ha'apai High School	20/07/2005
31	Talia'uli Tonga'onevai	Village Committee	Hihifo	Ha'apai High School	20/07/2005
32	Likiliki Kiole	Village Committee	Holopeka	Ha'apai High School	20/07/2005
33	Penisimani Taufua	Village Committee	Koulo	Ha'apai High School	20/07/2005
34	Havili Polo	Village Committee	Lofanga	Ha'apai High School	20/07/2005
35	Kamoto Ma'ake	Village Committee	Pangai	Ha'apai High School	20/07/2005
36	Pita Vi	Village Committee	Pangai	Ha'apai High School	20/07/2005
37	Tu'ifua Vaikona	Village Committee	Uiha	Ha'apai High School	20/07/2005
38	Losena Musie	Women's Committee	Fakakai	Ha'apai High School	20/07/2005
39	Tala'a Kakau	Women's Committee	Ha'ato'u	Ha'apai High School	20/07/2005
40	Alo'i Tonga'onevai	Women's Committee	Hihifo	Ha'apai High School	20/07/2005
41	Funaki Fotu	Women's Committee	Hihifo	Ha'apai High School	20/07/2005
42	Olivia Taufatofua	Women's	Hihifo	Ha'apai High	20/07/2005

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43	Langilangi Vi	Committee Women's Committee	Pangai	School Ha'apai High School	20/07/2005
44	Mele Vi Latu	Committee Women's Committee	Pangai	School Ha'apai High School	20/07/2005
45	Rev Fonofa Mafi	Committee Women's Committee	Pangai	School Ha'apai High School	20/07/2005
46	Litea 'Alofi	Committee Women's Committee	Uiha	School Ha'apai High School	20/07/2005
47	Silita Lolohea	Committee Women's Committee	Uiha	School Ha'apai High School	20/07/2005
48	Lui Saafi	Youth	Fakakai	School Ha'apai High School	20/07/2005
49	Salote Finau	Youth	Pangai	School Ha'apai High School	20/07/2005
50	Teisa Fakatene	Youth	Pangai	School Ha'apai High School	20/07/2005
51	Apolosi Vea	Youth	Pukotala	School Ha'apai High School	20/07/2005
52	Vaea 'Anitoni	Governor's Office	Pangai	School Ha'apai High School	20/07/2005
53	Makueta Vakasiuola	Inland Revenue	Ha'ato'u	School Ha'apai High School	20/07/2005
54	Sosefina Vili	Fisheries	Pangai	School Ha'apai High School	20/07/2005
55	Amanaki Soakai	Cooperative	Pangai	School Ha'apai High School	20/07/2005
56	Osai Latu	Agriculture	Pangai	School Ha'apai High School	20/07/2005
57	Kalafitoni Latu	Education	Pangai	School Ha'apai High School	20/07/2005
58	Latu Mohenoa	Government Representative	Pangai	School Ha'apai High School	20/07/2005
59	Salote Finau	Central Planning	Pangai	School Ha'apai High School	20/07/2005
60	Sulaki Kafaika	Town Officer	Mango	Community Hall	02/08/2005
61	Osai Lutui	Town Officer	Nomuka	Community Hall	02/08/2005
62	Haikeni Taulafo	Village Committee	Nomuka	Community Hall	02/08/2005
63	Kasoni Latu	Village Committee	Nomuka	Community Hall	02/08/2005
64	Una Tupou	Village Committee	Nomuka	Community Hall	02/08/2005
65	Fine Taufu	Village Committee	Nomuka	Community Hall	02/08/2005
66	Samani Faluku	Village Committee	Nomuka	Community Hall	02/08/2005
67	Fisi'ikolove Tupou	Village Committee	Nomuka	Community Hall	02/08/2005
68	Pahulu Tu'ipulotu	Village Committee	Nomuka	Community Hall	02/08/2005
69	Rev. Pulonga Iki	Village Committee	Nomuka	Community Hall	02/08/2005
70	Manase Fukofuka	Village Committee	Nomuka	Community Hall	02/08/2005
71	Rev. Tupou Tu'ilautala	Village Committee	Nomuka	Community Hall	02/08/2005
72	Finau Tu'ulau	Village Committee	Nomuka	Community Hall	02/08/2005
73	Folau Tukuafu	Village Committee	Nomuka	Community Hall	02/08/2005
74	Havea Mahe	Village Committee	Nomuka	Community Hall	02/08/2005
75	Kilipeni Pahulu	Village Committee	Nomuka	Community Hall	02/08/2005
76	Salesi Tokai	Village Committee	Nomuka	Community Hall	02/08/2005
77	Tevita Latu	Village Committee	Nomuka	Community Hall	02/08/2005
78	Ma'ili Tonga	Village Committee	Nomuka	Community Hall	02/08/2005
79	Hamani Finau	Village Committee	Nomuka	Community Hall	02/08/2005

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80	Lani Mahe	Village Committee	Nomuka	Community Hall	02/08/2005
81	Kini Taufau	Village Committee	Nomuka	Community Hall	02/08/2005
82	Lolo Ngalu	Village Committee	Nomuka	Community Hall	02/08/2005
83	Mele Tukuafu	Women's Committee	Nomuka	Community Hall	02/08/2005
84	Teufolau Finau	Women's Committee	Nomuka	Community Hall	02/08/2005
85	Moana Fekau	Women's Committee	Nomuka	Community Hall	02/08/2005
86	Kalafitoni Tau'ataina	Women's Committee	Nomuka	Community Hall	02/08/2005
87	Manu Fekau	Women's Committee	Nomuka	Community Hall	02/08/2005
88	Lousiale Kakala	Women's Committee	Nomuka	Community Hall	02/08/2005
89	Moli 'Anau	Women's Committee	Nomuka	Community Hall	02/08/2005
90	Lamouna Fusi	Women's Committee	Nomuka	Community Hall	02/08/2005
91	Otukolo Fukofuka	Women's Committee	Nomuka	Community Hall	02/08/2005
92	Oloka Faitangane	Women's Committee	Nomuka	Community Hall	02/08/2005
93	Takavaka Taufatofua	Women's Committee	Nomuka	Community Hall	02/08/2005
94	Lisingia Fekau	Women's Committee	Nomuka	Community Hall	02/08/2005
95	Meleane Latu	Women's Committee	Nomuka	Community Hall	02/08/2005
96	Malia Pola'apau	Women's Committee	Nomuka	Community Hall	02/08/2005
97	Kaufo'ou Latu	Women's Committee	Nomuka	Community Hall	02/08/2005
98	Tiueti Finau	Youth	Nomuka	Community Hall	02/08/2005
99	Satini Pesa	Youth	Nomuka	Community Hall	02/08/2005
100	Ofa Lutui	Youth	Nomuka	Community Hall	02/08/2005
101	Tahi Pelea	Youth	Nomuka	Community Hall	02/08/2005
102	Luke Tonga	Youth	Nomuka	Community Hall	02/08/2005
103	Paea Satini	Youth	Nomuka	Community Hall	02/08/2005
104	Fa Finau	Youth	Nomuka	Community Hall	02/08/2005
105	Hamatau	Youth	Nomuka	Community Hall	02/08/2005
106	Kenitoni Tokai	Youth	Nomuka	Community Hall	02/08/2005
107	Manu To'a	Youth	Nomuka	Community Hall	02/08/2005
108	Oto Pau'u	Youth	Nomuka	Community Hall	02/08/2005
109	Lesieli Tu'ifua	Youth	Nomuka	Community Hall	02/08/2005
110	Anitema Mafi	Youth	Nomuka	Community Hall	02/08/2005
111	Sione Tausinga	Town Officer	Tungua	Church of Tonga Hall	03/08/2005
112	Sione Fatai Taufau	Town Officer	Matuku	Church of Tonga Hall	03/08/2005
113	Misi Taulupe	Town Officer	O'ua	Church of Tonga Hall	03/08/2005
114	Viliami Maile	Town Officer	Fotuha'a	Church of Tonga Hall	03/08/2005
115	Atu He	Town Officer	Kotu	Church of Tonga Hall	03/08/2005
116	Viliami L. Fifita	Town Officer	Ha'afeva	Church of Tonga Hall	03/08/2005
117	Siale Fisi	Town Officer	Tofua	Church of Tonga Hall	03/08/2005
118	Pifeleti Moala	Village Committee	Matuku	Church of Tonga Hall	03/08/2005
119	Ahi 'Aukafolau	Village Committee	Matuku	Church of Tonga Hall	03/08/2005
120	Sosiua 'Aukafolau	Village Committee	Matuku	Church of Tonga Hall	03/08/2005
121	Kaloni Paea	Village Committee	Ha'afeva	Church of Tonga Hall	03/08/2005

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122	Faualala	Village Committee	Matuku	Church of Tonga Hall	03/08/2005
123	Elenoa Pahulu	Women's Committee	Ha'afeva	Church of Tonga Hall	03/08/2005
124	Uaine Uvea	Women's Committee	Ha'afeva	Church of Tonga Hall	03/08/2005
125	Mele Elone	Women's Committee	Fotuha'a	Church of Tonga Hall	03/08/2005
126	Otala Paea	Youth	Kotu	Church of Tonga Hall	03/08/2005
127	Falahola Fifita	Youth	Ha'afeva	Church of Tonga Hall	03/08/2005

### 'Eua

	<b>Name</b>	<b>Group</b>	<b>Village</b>	<b>Venue</b>	<b>Date Consulted</b>
1	Semisi Halaholo	Government Representative	Ohonua	Mata'aho Hall	11/08/2005
2	Aiveni Lotulelei	Town Officer	Tongamama'o	Mata'aho Hall	11/08/2005
3	Loseli Tauleva Tafea	Town Officer	Petani	Mata'aho Hall	11/08/2005
4	Mosese Laukau Lolo	Town Officer	Fata'ulua	Mata'aho Hall	11/08/2005
5	Mosese Lea'aepulu	Town Officer	Esia	Mata'aho Hall	11/08/2005
6	Opataia Fifita Fungalei	Town Officer	Pangai	Mata'aho Hall	11/08/2005
7	Peni Vaiangina	Town Officer	Ta'anga	Mata'aho Hall	11/08/2005
8	Satelaite Mafoa'aeata	Town Officer	Mata'aho	Mata'aho Hall	11/08/2005
9	Siosifa Kava	Town Officer	Tufuvai	Mata'aho Hall	11/08/2005
10	Siu Fa'u	Town Officer	Mu'a	Mata'aho Hall	11/08/2005
11	Suliasi Filihia	Town Officer	Angaha	Mata'aho Hall	11/08/2005
12	Tevita 'Ahoafi Leha	Town Officer	Houma	Mata'aho Hall	11/08/2005
13	Tevita Pina Veituna	Town Officer	Ohonua	Mata'aho Hall	11/08/2005
14	Etueni Vea	Village Committee	Pangai	Mata'aho Hall	11/08/2005
15	Fililava Moala	Village Committee	Ohonua	Mata'aho Hall	11/08/2005
16	Kaufana Taulava	Village Committee	Mata'aho	Mata'aho Hall	11/08/2005
17	Lihau	Village Committee	Petani	Mata'aho Hall	11/08/2005
18	Ma'ulupe Kemoe'atu	Village Committee	Ta'anga	Mata'aho Hall	11/08/2005
19	Rev. Siokivaha Timani	Village Committee	Mata'aho	Mata'aho Hall	11/08/2005
20	Siale Moala	Village Committee	Ohonua	Mata'aho Hall	11/08/2005
21	Siu Filikitonga	Village Committee	Ohonua	Mata'aho Hall	11/08/2005
22	Tevita La'akulu	Village Committee	Pangai	Mata'aho Hall	11/08/2005
23	Tevita Veituna	Village Committee	Ohonua	Mata'aho Hall	11/08/2005
24	Finau Vaitohi	Women's Committee	Fata'ulua	Mata'aho Hall	11/08/2005
25	Fono Lu'au	Women's Committee	Mata'aho	Mata'aho Hall	11/08/2005
26	Litiane Palu	Women's Committee	Angaha	Mata'aho Hall	11/08/2005
27	Lounga Lu'au	Women's Committee	Mata'aho	Mata'aho Hall	11/08/2005
28	Manu Mafile'o	Women's Committee	Ohonua	Mata'aho Hall	11/08/2005
29	Mekilini Vaea	Women's Committee	Pangai	Mata'aho Hall	11/08/2005
30	Mele Lauaki	Women's Committee	Ohonua	Mata'aho Hall	11/08/2005
31	Moli Tua'i	Women's Committee	Mu'a	Mata'aho Hall	11/08/2005
32	Monalita Mahe	Women's Committee	Mu'a	Mata'aho Hall	11/08/2005
33	Ofa Tu'itavake	Women's Committee	Pangai	Mata'aho Hall	11/08/2005
34	Paea Latu	Women's Committee	Angaha	Mata'aho Hall	11/08/2005

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35	Sekola Fangupo	Women's Committee	Ohonua	Mata'aho Hall	11/08/2005
36	Simaima Veituna	Women's Committee	Ohonua	Mata'aho Hall	11/08/2005
37	Sisilia Mafi	Women's Committee	Houma	Mata'aho Hall	11/08/2005
38	Tatau Lafitani	Women's Committee	Angaha	Mata'aho Hall	11/08/2005
39	Toa Livai	Women's Committee	Mu'a	Mata'aho Hall	11/08/2005
40	Toe'umu Folau	Women's Committee	Pangai	Mata'aho Hall	11/08/2005
41	Ailine Taulonga	Youth	Ohonua	Mata'aho Hall	11/08/2005
42	Keletisi Vaitohi	Youth	Fata'ulua	Mata'aho Hall	11/08/2005
43	Mausa Halahala	Youth	Kolomaile	Mata'aho Hall	11/08/2005
44	Melesungu Fehoko	Youth	Pangai	Mata'aho Hall	11/08/2005
45	Nofomuli Filiai	Youth	Tongamama'o	Mata'aho Hall	11/08/2005
46	Pepetua Takai	Youth	Ohonua	Mata'aho Hall	11/08/2005
47	RY Palei	Youth	Pangai	Mata'aho Hall	11/08/2005
48	Selita Havea	Youth	Tongamama'o	Mata'aho Hall	11/08/2005
49	Siosi Veituna	Youth	Ohonua	Mata'aho Hall	11/08/2005

### Niuafo'ou

	<b>Name</b>	<b>Group</b>	<b>Village</b>	<b>Venue</b>	<b>Date Consulted</b>
1	Peni Kioa	Civil Aviation	Sapa'ata	Futu	15/07/2005
2	Siaki Talifolau	District Officer	Fata'ulua	Futu	15/07/2005
3	Lisiate Nuku	Education	Sapa'ata	Futu	15/07/2005
4	Moetau Ongoloka	Free Church	Fata'ulua	Futu	15/07/2005
5	Penisimani Kaivelata	Free Church	Sapa'ata	Futu	15/07/2005
6	Solomone Vaikeli	Government Representative	Esia	Futu	15/07/2005
7	Sione Ulufonua	Health Officer	Esia	Futu	15/07/2005
8	Hau Loloa	Niua Kava Committee	Mu'a	Futu	15/07/2005
9	Sefita Fa	Police Department	Esia	Futu	15/07/2005
10	Ve'a Latu	Sub Treasurer	Esia	Futu	15/07/2005
11	Petelo Folau	Town Officer	Esia	Futu	15/07/2005
12	Sioeli Vaka	Town Officer	Fata'ulua	Futu	15/07/2005
13	Le'aliki Lotulelei	Town Officer	Kolofo'ou	Futu	15/07/2005
14	Manu Mausia	Town Officer	Mu'a	Futu	15/07/2005
15	To'aho Lama	Town Officer	Sapa'ata	Futu	15/07/2005
16	Tevita Filiai	Town Officer	Tongamama'o	Futu	15/07/2005
17	Solame Tufui	Village Committee	Esia	Futu	15/07/2005
18	Soakai Latu	Village Committee	Esia	Futu	15/07/2005
19	Sosefo Sakopo	Village Committee	Kolofo'ou	Futu	15/07/2005
20	Leli Sakopo	Village Committee	Kolofo'ou	Futu	15/07/2005
21	Sioeli Folau	Village Committee	Petani	Futu	15/07/2005
22	Sione Vaa'i	Village Committee	Petani	Futu	15/07/2005
23	Viliami Filiai	Village Committee	Tongamama'o	Futu	15/07/2005
24	Malia Falemaka	Women's Committee	Esia	Futu	15/07/2005
25	Lotu Lao	Women's Committee	Mu'a	Futu	15/07/2005
26	Kalo Masi	Women's Committee	Petani	Futu	15/07/2005
27	Lamona Filiai	Women's Committee	Tongamama'o	Futu	15/07/2005
28	Latai Vaka	Youth	Fata'ulua	Futu	15/07/2005
29	Tevita Talifolau	Youth	Fata'ulua	Futu	15/07/2005
30	Taniela Mahe	Youth	Petani	Futu	15/07/2005

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**Niuatoputapu**

	<b>Name of participants</b>	<b>Village</b>	<b>Venue</b>	<b>Date Consulted</b>	
1	Fakatu'anoa Vea	Village Committee	Falehau	GPS Falehau	13/07/1005
2	Viliami Maea	Town Officer	Falehau	GPS Falehau	13/07/1005
3	Lilo Kohinoa	Women's Committee	Falehau	GPS Falehau	13/07/1005
4	Mele Vakapuna	Youth	Tafahi	GPS Falehau	13/07/1005
5	Ponepate Taunisila	Education	Hihifo	GPS Falehau	13/07/1005
6	Mele Haukinima	Youth	Falehau	GPS Falehau	13/07/1005
7	Pita Soakimi	Government Representative	Hihifo	GPS Falehau	13/07/1005
8	Tu'l'one 'Osika	Town Officer	Tafahi	GPS Falehau	13/07/1005
9	Solo Mahe	Town Officer	Hihifo	GPS Falehau	13/07/1005

**This consultation was facilitated by the Government Representative and reported to Central Planning**

	<b>Name</b>	<b>Group</b>	<b>Village</b>	<b>Venue</b>	<b>Date Consulted</b>
1	Sione Siliva	Agriculture	Hihifo	Government Office	20/07/2005
2	Siosuia Siola'a	Church of Tonga	Hihifo	Government Office	20/07/2005
3	Fepale Mafua	Development Bank	Hihifo	Government Office	20/07/2005
4	Ponepate Taunisila	Education	Hihifo	Government Office	20/07/2005
5	Tuiniua Tupou	Fisheries	Falehau	Government Office	20/07/2005
6	Mose Uitaha	Free Church	Hihifo	Government Office	20/07/2005
7	Tuineau 'One'one	Police	Hihifo	Government Office	20/07/2005
8	Tevita Fakasi'eiki	Prisons	Hihifo	Government Office	20/07/2005
9	Viliami Mahe	Town Officer	Falehau	Government Office	20/07/2005
10	Heneli Similai	Town Officer	Vaipoa	Government Office	20/07/2005
11	Solomone Mahe	Town Officer	Hihifo	Government Office	20/07/2005
12	Lauti Fe'iloakitau	Treasury	Hihifo	Government Office	20/07/2005
13	Telua Pongi	Village Committee	Hihifo	Government Office	20/07/2005
14	Tuise	Village Committee	Vaipoa	Government Office	20/07/2005
15	Langilua Kivalu	Village Committee	Hihifo	Government Office	20/07/2005
16	Amanaki Timani	Village Committee	Vaipoa	Government Office	20/07/2005
17	Pau ML Ngungutau	Weslyan	Hihifo	Government Office	20/07/2005
18	Vika Fakasi'I'eiki	Women's Committee	Hihifo	Government Office	20/07/2005
19	Peata Kivalu	Women's Committee	Hihifo	Government Office	20/07/2005
20	Lesina Tupouto'a	Women's Committee	Hihifo	Government Office	20/07/2005



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21	Kakala Onesi	Women's Committee	Vaipoa	Government Office	20/07/2005
22	Lilo Kohinoa	Women's Committee	Falehau	Government Office	20/07/2005
23	Saloni Maea	Women's Committee	Falehau	Government Office	20/07/2005
24	Siniva Vakapuna	Youth	Falehau	Government Office	20/07/2005
25	Uikelotu Langi	Youth	Falehau	Government Office	20/07/2005
27	Ofa Lefai	Youth	Hihifo	Government Office	20/07/2005
28	Kaufo'ou 'Onesi	Youth	Hihifo	Government Office	20/07/2005
29	Ifalemi Lolohea	Youth	Falehau	Government Office	20/07/2005

**Non Government Organisations**

	<b>Name</b>	<b>Organisation</b>	<b>Venue</b>	<b>Date Consulted</b>
1	Salote Fukofuka	Association of Tonga University Women	Tonga National Centre	28/07/2005
2	Isabella Tuivai	Catholic women's League	Tonga National Centre	28/07/2005
3	Susana 'Uhatafe	Centre for Women and Children	Tonga National Centre	28/07/2005
4	Lu'isa Uata	Fine'ofa LDS	Tonga National Centre	28/07/2005
5	Po'oi Pohiva	Human Rights Movement	Tonga National Centre	28/07/2005
6	Uheina Kalaniuvalu	Langafonua 'a Fafine Tonga	Tonga National Centre	28/07/2005
7	Ofa Vea	Langikapo 'o Hevani	Tonga National Centre	28/07/2005
8	Vanessa Heleta	Legal Literacy	Tonga National Centre	28/07/2005
9	Toe'umu Fineanganofa	Mother's Union Anglican Church	Tonga National Centre	28/07/2005
10	Kalo Fakatou	National Bahai Women	Tonga National Centre	28/07/2005
11	Alisi Pone Fotu	Pan Pacific & South East Asia	Tonga National Centre	28/07/2005
12	Dorothy Fauonuku	Salvation Army Drug & Alcohol Centre	Tonga National Centre	28/07/2005
13	John Fifita	TANGO	Tonga National Centre	28/07/2005
14	Manitasi Leger	Tonga National Youth Congress	Tonga National Centre	28/07/2005
15	Iemaima Havea	Tonga Family Health	Tonga National Centre	28/07/2005
16	Vika Finau	Tonga Family Health	Tonga National Centre	28/07/2005
17	Simote Vea	Tonga National Council of Churches	Tonga National Centre	28/07/2005
18	L. Tai	Tonga Red Cross	Tonga National Centre	28/07/2005
19	Papiloa Foliaki	Women in Business	Tonga National	28/07/2005

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Centre

**Private Sector**

	<b>Names</b>	<b>Business/Organisations</b>	<b>Venue</b>	<b>Date Consulted</b>
1	Mr. Peseti Ma'afu	APEX Insurance	APEX Office	19/10/2005
2	Mrs 'Ofa Simiki	OSB Ltd	APEX Office	19/10/2005
3	Dr. Tu'i Uata	Uata Trading	APEX Office	19/10/2005
4	Mr. HK Yeoh	MBf Bank	MBf Bank	19/10/2005
5	Mrs Mishka Tu'ifua	Westpac Bank of Tonga	Westpac Bank of Tonga	20/10/2005
6	Mr. Afu'alo Matoto	Tonga Development Bank	TDB Conference Room	20/10/2005
7	Mr. John Bath	Tonga Development Bank	TDB Conference Room	20/10/2005
8	Mr. Simione Sefanaia	Tonga Development Bank	TDB Conference Room	20/10/2005
9	Mr. Hasiloni Fungavai	Tonga Development Bank	TDB Conference Room	20/10/2005
10	Mrs Seini Movete	Tonga Development Bank	TDB Conference Room	20/10/2005
11	Mrs Mia Glannaz	Pacific Biotech Ltd	TDB Training Centre	23/10/2005
12	Mrs Mosikaka Moengangongo	Peau Vava'u	TDB Training Centre	23/10/2005
13	Dr. David Sainsbury	PDP Australia	TDB Training Centre	23/10/2005
14	Dr Patrick Spread	PDP Australia	TDB Training Centre	23/10/2005
15	Dr. Ngongo Kioa	Chamber of Commerce	TDB Training Centre	23/10/2005
16	Mr. Tapu Panuve	OE Chamber of Commerce	TDB Training Centre	23/10/2005
17	Mr. Mahendra Gandekar	APCO - Asian Paints	TDB Training Centre	23/10/2005
18	Mr. Vaiangina Tafea	Jones Industries Ltd	TDB Training Centre	23/10/2005
19	Mr. Ross Chapman	Pacific Finance	TDB Training Centre	23/10/2005
20	Mr. Paul Pelzer	ANZ Bank	TDB Training Centre	23/10/2005
21	Mrs. Kololiana Naufahu	Tonga Tourist Association	TDB Training Centre	23/10/2005
22	Mr Timote Katoanga	TCC	TCC	21/10/2005
23	Hon Luani	TCC	TCC	21/10/2005
24	Mrs Gladys Fukofuka	TCC	TCC	21/10/2005
25	Mr Mosese Fakatou	Shipping Corporation	Shipping Corporation	24/10/2005
26	Mr Abu Saleque	Shipping Corporation	Shipping Corporation	24/10/2005
27	Mr Robert Height	Shipping Corporation	Shipping Corporation	24/10/2005
28	Mr. Soane Ramanlal	Shoreline	Shoreline	31/10/2005
29	Mr. Dunkley	Shoreline	Shoreline	31/10/2005
30	Mr. Soane Patolo	Air Terminal Services	Central Planning Dept	27/10/2005
31	Mr. Kutusi Fielea	TWB	TWB	31/10/2005
32	Mr. Poasi Tei	TWB	TWB	31/10/2005
33	Mr. Mosese Latu	TWB	TWB	31/10/2005
34	Mr. Mosese Lavemai	Ports Authority	Ports Authority	25/10/2005
35	Mr. Lupeti Vi	Ports Authority	Ports Authority	25/10/2005
36	Mr. Ramsay Dalgety	TEPB	TEPB	27/10/2005

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<b>Church</b>				
	<b>Names</b>	<b>Organisation</b>	<b>Venue</b>	<b>Date Consulted</b>
1	Rev. Dr. 'Alifeleti Mone	Wesleyan	NRBT Conference Room & TDB Training Centre	17 & 31/10/2005
2	Rev. Dr. Siotame Havea	Sia'atoutai	NRBT Conference Room & TDB Training Centre	17 & 31/10/2005
3	Rev. Fili Faiesea Lilo	Wesleyan	NRBT Conference Room	17/10/2005
4	Rev. Sione Kiteau Saafi	Wesleyan	NRBT Conference Room & TDB Training Centre	17 & 31/10/2005
5	Rev. Sela Na'a Latu	Wesleyan	NRBT Conference Room & TDB Training Centre	17 & 31/10/2005
6	Mr. Paea Mata'u	Sia'atoutai	NRBT Conference Room	17/10/2005
7	Rev. Semisi Fonua	Free Church	NRBT Conference Room	17/10/2005
8	Rev. Simote Sikuvea	Free Church	NRBT Conference Room & TDB Training Centre	17 & 31/10/2005
9	Rev Va'inga Misi	Free Church	NRBT Conference Room & TDB Training Centre	17 & 31/10/2005
10	Rev. Manu Misinale	Free Church	NRBT Conference Room & TDB Training Centre	17 & 31/10/2005
11	Rev. Luke Sikalu	Constitution	NRBT Conference Room & TDB Training Centre	17 & 31/10/2005
12	Rev. Finau Fakatou	Constitution	NRBT Conference Room & TDB Training Centre	17 & 31/10/2005
13	Rev. Tu'ipulotu Katoanga	Church of Tonga	NRBT Conference Room	17/10/2005
14	Rev. Viliami Polota	Church of Tonga	NRBT Conference Room	17/10/2005
15	Rev 'Aisea Lelena	Church of Tonga	NRBT Conference Room & TDB Training Centre	17 & 31/10/2005
16	Elder Tafea	Jehovah's Witness	NRBT Conference Room	17/10/2005
17	Rev. 'Ofa Fa	Church of Tonga	NRBT Conference Room & TDB Training Centre	17 & 31/10/2005
18	Elder Siaso Moleni	Latter Day Saints	NRBT Conference Room & TDB Training Centre	17 & 31/10/2005
19	Elder Nolotoni 'Itaehau	Latter Day Saints	NRBT Conference Room	17/10/2005
20	Elder 'Inoke Kupu	Latter Day Saints	NRBT Conference Room & TDB Training Centre	17 & 31/10/2005
21	Kalo Fakatou	Bahai	NRBT Conference Room & TDB Training	17 & 31/10/2005

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22	Pastor 'Ofa Fatafehi	Gospel	Centre NRBT Conference Room & TDB Training Centre	17 & 31/10/2005
23	Bishop Soane Lilo Foliaki	Roman Catholic	NRBT Conference Room	17/10/2005
24	Fr. Aisake Vaisima	Roman Catholic	NRBT Conference Room	17/10/2005
25	Mr. Busby Kautoke	Roman Catholic	NRBT Conference Room	17/10/2005
26	Mr. 'Etuete Sakalia	Roman Catholic	NRBT Conference Room	17/10/2005
27	Father Tevita Koloamatangi	Anglican	NRBT Conference Room & TDB Training Centre	17 & 31/10/2005
28	Dr. Uiliami Fukofuka	Faith Seminary	NRBT Conference Room	17/10/2005
29	Mr. Siosaia Latu	University of the Nations	NRBT Conference Room	17/10/2005
30	Elder Sione Fineanganofa	Latter Day Saints	TDB Training Centre	31/10/2005
31	Rev. Dr. Feke Mafi	Church of Tonga	TDB Training Centre	31/10/2005
32	Rev. Piukala 'Uluaki	Church of Tonga	TDB Training Centre	31/10/2005
33	Rev. 'Aisea Lelena	Church of Tonga	TDB Training Centre	31/10/2005
34	Mrs. 'Ofa Tafa	Gospel Church	TDB Training Centre	31/10/2005
35	Pastor Taufu Pulu	Seventh Day Adventist	TDB Training Centre	31/10/2005

### Government Ministries and Departments

	<u>Department</u>	<u>Personnel Consulted</u>	<u>Venue and Date Consulted</u>
1	Agriculture	Dr. Viliami Fakava Dr. Viliami Manu Mr. Sione Foliaki Mr. Lamipeti Havea Mr. Vaha'i Lui Mr. Fehi Moala	Main Office Ministry of Agriculture  22 <sup>nd</sup> September 2005
2	Auditor General	Mr. Tiofilusi Tiueti	Audit Department 20 <sup>th</sup> September 2005
3	Civil Aviation	Mr. Mapa Faletau Mr. Viliami Ma'ake Mr. Tevita Kaitu'u Fotu	Civil Aviation 20 <sup>th</sup> September 2005
4	Education	Hon. Colin Lutui (Acting Minister of Education) Mrs. Tupou Tāufa Mr. Tatafu Moeaki Mr. Claude Tupou Ms. Jeffrey Taufu Ms. Liuaki Fusitu'a	Main Office Ministry of Education 31 <sup>st</sup> October 2005  Community Development Centre 12 <sup>th</sup> September 2005
5	Environment	Mr. Uilou Samani Mr. Sione Faka'osi Mr. Tukia Lepa Mrs. Lola Liava'a Mrs. Lupe Matoto Mrs. Patisepa Folaumoetu'i Ms. Tupe Samani Mrs. Suliana Vi	Department of Environment  6 <sup>th</sup> September 2005
6	Fisheries	Mr. Ulunga Fa'anunu	Fisheries Department

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		Mr. Mark Wilson	22 <sup>nd</sup> September 2005
7	Finance	Mrs. Mandy Finau Mr. 'Aisake Eke Mrs. Meleseini Lomu Mr. Henry Cocker	Treasury 7 <sup>th</sup> November Finance, Railway Road 18 <sup>th</sup> October
8	Foreign Affairs	Mr. David Tupou Mrs. 'Amelia Helu	Foreign Affairs 1 <sup>st</sup> November 2005
9	Forestry	Mr. Tasi Kuluni Mr. Taniela Hoponoa, Mr. Tevita Faka'osi,	Forestry, Tokomololo
10	Health	Mr. Heimuli Likiafu Dr. Litili 'Ofanoa, Dr. Siale 'Akau'ola Dr. 'Amanaki Fakakovikaetau,	29 <sup>th</sup> September 2005 Vaiola Hospital 25 <sup>th</sup> October 2005
11	Justice	Dr. Malakai 'Ake, Mr. Tu'akoi 'Ahio Mr. Simi Tekiteki	Justice Department 30 <sup>th</sup> September 2005
12	Labour, Commerce and Industries	Mr. Vatulele Tuputupu Mr. Paulo Kautoke Mr. Sione Tangi Dr. Ha'unga Petelo Dr. Talaivosu Ueleni Mr. Sione Maumau Mr. Tevita N. Lata Ms. Kalotia Fotu	Labour, Commerce and Industries 23 <sup>rd</sup> September 2005
13	Lands, Survey & Natural Resources	Mr. Tevita Malolo Dr. Nailasikau Halatuituia Mr. Kilisimasi Lutui Mr. Tevita Fatai	Lands & Survey 13 <sup>th</sup> September 2005
14	Marine & Ports	Mr. Tu'itupou Fotu Mr. Sione 'Akau'ola	Marine & Ports 27 <sup>th</sup> September 2005
15	Palace Office	Hon. Tu'ivanuavou Vaea	Archive 8 <sup>th</sup> December 2005
16	Police	Mrs. Lola Koloamatangi Mrs. 'Atelaite Soakai Mr. Ashley Fua Mr. Samuela Huni	Police Training School 11 <sup>th</sup> October 2005
17	Prisons	Mr. Moleni Taufu Mr. Gimball Longopoa	Hu'atolito Prisons 28 <sup>th</sup> October 2005
18	Prime Minister's Office	Mr. Paula Ma'u	Prime Minister's Office 15 <sup>th</sup> September 2005
19	Public Service Commission	Mr. Kelepi Makakaufaki	Public Service Commission 13 <sup>th</sup> September 2004
20	Revenue Services	Mr. Sefita Tangi	Revenue Services 28 <sup>th</sup> September 2005
21	Statistics	Mr. Ata'ata Finau, Ms. Siosi'ana Fisi'inua	Statistics Department 6 <sup>th</sup> October 2005
22	Tonga Defence	Mr. Tau'aika 'Uta'atu Mr. Siamelie Latu Mr. Satisi Vunipola Mr. Tau Vakameitangake	Tonga Defense Office, Senē 3 <sup>rd</sup> October 2005
23	Tourism	Dr. Taniela Fusimalohi Mrs. Meleoni Uera Ms. Sandra Dee Fonua	Tonga Visitors Bureau 4 <sup>th</sup> October 2005
24	Works	Mr. Sione Taumoepeau	Ministry of Works 10 <sup>th</sup> October 2005

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25	Women's Development	Hon. Polotu Paunga Mrs. Vake Blake Ms.Lolohea Fusimalohi	Women Development Office 5 <sup>th</sup> October 2005
26	National Reserve Bank of Tonga	Mrs. Joyce Mafi Mr. Inia Naiyaga	Reserve Bank 24 <sup>th</sup> October 2005

<b>Appendix 14.1: SDP8 Strategy Matrix for Monitoring and Reporting</b>			
<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 1: Create a better governance environment</b>	<i>Strategy 1:</i> Review the Constitution and the political system in order to formulate recommendations for constitutional and political reforms.	National Committee of the Kingdom of Tonga on Political Reform	External funding
	<i>Strategy 2:</i> Restructure government and downsize the public service through a voluntary redundancy programme.	PSC/PMO/MFEP	Ongoing TA
	<i>Strategy 3:</i> Strengthen the strategic policy development and implementation capacity of the Prime Minister's Office.	PMO	TA
	<i>Strategy 4:</i> Formulate and implement a plan for outsourcing government services that encompasses capacity building for contract design, contract management and internal audit.	Management Committee/MFEP	a. Financial & Economic Management Program - Public Enterprise (NZAID)
	<i>Strategy 5:</i> Formulate and implement new legislation and regulations governing procurement.	MFEP	a. Procurement Reforms and Capacity Development Grant (World Bank)
	<i>Strategy 6:</i> Continue implementation of Public Service Commission programmes that facilitate improved performance in the public service.	PSC	TA

<b>Appendix 14.1: SDP8 Strategy Matrix for Monitoring and Reporting</b>			
<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 1: Create a better governance environment</b>	<i>Strategy 7:</i> Continue the process of strengthening public expenditure management through: (1) development of regulations for the Public Finance Management Act; (2) completion and application of the Finance Policy and Procedures Manual within Treasury Division, MFEP; (3) improving the availability of timely, reliable and regular financial information as a basis for government decision-making, including through extension of GOTNET to all line ministries and the outer islands; (4) decentralisation of financial management to line ministries; (5) continuation and refinement of outcome-oriented programme budgeting, including the phased development of a medium-term expenditure framework; and (6) implementing the first stages of a long-term program of capacity building in MFEP aimed at improving operational efficiency and effectiveness.	MFEP	Long-term TA (AusAID, other donors) a. FEMP Project (AusAID). b. TA 4510 – Integrated Strategic Planning Project (ADB). c. PFTAC funded peripatetic TA for pre-FEMP interim needs for items (1) & (2) & subject to funding, possibly (5).
	<i>Strategy 8:</i> Continue implementation of the revenue reform program by: (1) introducing a simplified, reduced uniform customs tariff; (2) introducing a new Income Tax Bill; (3) consolidating and extending the operation of the computerized Revenue Management System in Revenue Services Department; and (4) continuing the institutional strengthening of Customs Administration.	MFEP	Ongoing TA a. TAGF Project (AusAID). b. Financial & Economic Management Program – PC Trade, Revenue Services Department, Customs (NZ AID)



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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 1: Create a better governance environment</b>	<i>Strategy 9:</i> Strengthen corporate governance in the public enterprise sector through enforcement of the Public Enterprise Act.	MFEP	a. Financial & Economic Management Program – Public Enterprise (NZAID) b. TA 4514 – Public Enterprise Reform Phase 111 Project (ADB).
	<i>Strategy 10:</i> Corporatise selected government commercial activities and privatize selected public enterprises in a timely manner.	MFEP	a. TA – TAGF (AusAID). b. Financial & Economic Management Program – Public Enterprise (NZAID)
	<i>Strategy 11:</i> Increase the efficiency and effectiveness of the Tonga Police Force by implementing a Community-Based Policing Program and upgrading technology used in crime investigation.	Ministry of Police	TA and external funding
	<i>Strategy 12:</i> Improve the functioning of the Ministry of Justice by computerising the Vital Statistics Office and the Courts, including in the outer islands.	Ministry of Justice & Attorney General	TA and external funding
	<i>Strategy 13:</i> Formulate and enforce a Leadership Code.	PMO	TA

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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 1: Create a better governance environment</b>	<i>Strategy 14:</i> Strengthen the Office of Commissioner of Public Relations.	PMO	TA
	<i>Strategy 15:</i> Strengthen the Audit Department of PMO by: (1) amending the Public Audit Act 1984 to support the Department's independence and widen its mandate; and (2) building expertise in performance and information technology audit.	PMO	a. TA - TAGF (AusAID). b. Financial & Economic Management Program - Audit Review (NZAID)
	<i>Strategy 16:</i> Determine and gazette appropriate accounting and auditing standards, in order to improve transparency and accountability in financial reporting.	MFEP/Audit Department	a. TA - TAGF (AusAID). b. Financial & Economic Management Program - Audit Review (NZAID)
<b>Goal 2: Ensure macroeconomic stability</b>	<i>Strategy 1:</i> Maintain fiscal discipline and improve the strategic allocation of public resources by reducing the share of salaries in current expenditure.	MFEP	a. TA in Revenue Forecasting (IMF/PFTAC, funded by NZAID) b. TA in Public Financial Management (IMF/PFTAC)
	<i>Strategy 2:</i> Ensure that Tonga's public external debt position remains sound.	MFEP	TA in Public Financial Management (IMF/PFTAC)

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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 2: Ensure macroeconomic stability</b>	<i>Strategy 3:</i> Strengthen the National Reserve Bank of Tonga by enacting the Amendments to the NRBT Act.	Legislative Assembly/NRBT	TA in Banking Supervision/Legislation (IMF/PFTAC); Secondment of NRBT Deputy Governor (funded by IMF/PFTAC with NZAID resources)
	<i>Strategy 4:</i> Develop open-market operations as an instrument of monetary policy.	NRBT	TA (IMF/PFTAC) (arranged with assistance by AusAID and Reserve Bank of Australia)
	<i>Strategy 5:</i> Continue to manage the exchange rate to achieve the foreign exchange reserves target level.	NRBT	TA (IMF/PFTAC) - arranged with assistance by AusAID and RBA.
<b>Goal 3: Promote sustained private sector-led economic growth</b>	<b>Business Environment Strategies: Chapter 6 of SDP8</b>		
	<i>Strategy 1:</i> Engage in policy dialogue with the private sector.	MFEP/MLCI	

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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 3: Promote sustained private sector-led economic growth</b>	Strategy 2: Act on recommendations of the Task Force for the Implementation of Regulatory Reform.	MLCI	a. Regulatory Reform for Private Sector Development – Cost of Doing Business (World Bank)
	<i>Strategy 3:</i> Implement the Foreign Investment Act 2002.	MLCI	
	<i>Strategy 4:</i> Complete the drafting and review of regulations for the Business Licenses Act 2002 and implement the legislation.	MLCI	TA
	<i>Strategy 5:</i> Repeal the Industrial Development Incentives Act 1978.	MLCI	
	<i>Strategy 6:</i> Continue to implement trade liberalization and trade facilitation policies in accordance with multilateral and regional trade agreements.	MLCI	
	<i>Strategy 7:</i> Pass and implement the Trade and Investment Bill.	MLCI	

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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 3: Promote sustained private sector-led economic growth</b>	<i>Strategy 8:</i> Pass and implement the new Employment Bill.	Ministry of Employment, Training, Youth & Sports	
	<i>Strategy 9:</i> Investigate the extension of the business visa from 2 to 10 years or more and make necessary legislative amendments.	Ministry of Foreign Affairs & Defence	
	<i>Strategy 10:</i> Review and implement transparent and consistent administrative processes relating to the processing and registration of applications relating to land tenure.	Ministry of Lands, Survey, Natural Resources and Environment	TA
	<i>Strategy 11:</i> Replace the Price and Wage Control Act 1947 with modern price control legislation under which all monitoring and control of prices is conducted (including utility prices).	MLCI	TA
	<i>Strategy 12:</i> Review existing competition law with a view to introducing a prohibition on price fixing and eliminating any unnecessary competition prohibitions.	MLCI	TA
	<i>Strategy 13:</i> Continue and strengthen the provision of business development services.	MLCI	TA/External funding a. TA 4114 - Business Development Services Project (ADB).

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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 3: Promote sustained private sector-led economic growth</b>	<i>Strategy 14:</i> Design and implement a countrywide program for the development of youth enterprises.	Ministry of Employment, Training, Youth & Sports	TA/ External funding (ADB) a. TA 4488 – Youth Micro-Enterprise Development Project (ADB).
	<i>Strategy 15:</i> Implement the National Road Development Programme; establish a Road Fund to support proper asset management; and upgrade Vaipua Bridge, Neiafu and construct a bridge across Fanga’uta Lagoon, Nuku’alofa.	MOW	a. Community Development Fund (NZ AID) b. Tonga Community Assistance Scheme (AusAID)
	<i>Strategy 16:</i> Upgrade inter-island sea transport services by introducing a new ferry and a new landing craft.	Shipping Corporation	External funding (JICA)
	<i>Strategy 17:</i> Upgrade and maintain ports throughout Tonga, giving priority to installation of new, and replacement of deficient, navigational beacons and markers.	Ports Authority, Ministry of Transport, Shipping Corporation	External funding a. TA - Transport, Infrastructure and Asset Management Reform (World Bank)
	<i>Strategy 18:</i> Improve domestic air services by consolidating the corporatisation of airports and ensuring continuity of service provision.	Ministry of Transport	a. TA – Transport, Infrastructure and Asset Management Reform (World Bank)
	<i>Strategy 19:</i> Implement and ensure sustainability of the Nuku’alofa Waste Management Project.	MOW	AusAID, NZAID a. Popua Dump Rehabilitation (NZ AID) b. Solid Waste Management Facility project (AusAID).

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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 3: Promote sustained private sector-led economic growth</b>	<i>Strategy 20:</i> Develop an urban planning and management strategy for Tonga and formulate an investment project for development of urban areas.	MOW	TA/ External funding (ADB) a. TA 4648 - Integrated Urban Development Project (ADB).
	<i>Strategy 21:</i> Update the Tonga Electric Power Board legislation to facilitate regulation of safety and technical issues and competition in generation (refer strategy 11 on price regulation).	MFEP/TEPB	TA
	<i>Strategy 22:</i> Review water pricing by the Tonga Water Board to clarify the cost and appropriateness of holding the price at a level below that which generates a commercial rate of return.	MFEP/TWB	TA
	<i>Strategy 23:</i> Complete a full upgrade of the Nuku'alofa and Vava'u water supply systems.	MFEP/TWB	External funding (DANIDA)
	<i>Strategy 24:</i> Formulate and implement a policy to guide the Department of Communications when considering applications for telecommunications licences (refer strategy 11 on pricing regulation).	Dept. of Communications	TA

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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 3: Promote sustained private sector-led economic growth</b>	<b>Economic Sector Strategies: Chapter 7 of SDP 8</b>		
	<i>Strategy 1:</i> Continue to improve the Ministry of Agriculture and Food, Forests and Fisheries' core services delivery to client groups throughout the country (farmers, district and village agriculture committees, growers' organizations, women's groups and NGOs).	MAFFF	
	<i>Strategy 2:</i> Accelerate trials of domestic production of various types of vegetables for export markets and of import-substituting mutton production.	MAFFF	
	<i>Strategy 3:</i> Improve infrastructure that supports agricultural development (roads, ports, air and sea transport). [Refer to strategies 15-18 above].	MOW, Ports Authority, Ministry of Transport, Shipping Corporation	a. TA – Transport, Infrastructure and Asset Management Reform (World Bank)
	<i>Strategy 4:</i> Review and improve the agricultural policy environment in order to promote small and medium-sized agricultural enterprises.	MAFFF	TA
	<i>Strategy 5:</i> Examine the feasibility of an export credit guarantee scheme as a means of encouraging agricultural production for export.	TDB	



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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 3: Promote sustained private sector-led economic growth</b>	<i>Strategy 6:</i> Promote tree and coconut planting through provision of seedlings to farmers and the public on a cost-recovery basis.	MAFFF	
	<i>Strategy 7:</i> Promote commercial planting of timber and high valued tree species for export on government lands, large land holding organizations and private-owned farmlands.	MAFFF	
	<i>Strategy 8:</i> Continue to support, and where feasible extend the geographic coverage of, Community-based Management and Development Plans for inshore fisheries.	MAFFF	a. TA – Fisheries Management Project AusAID
	<i>Strategy 9:</i> Promote the sustainable development of small-scale fisheries and aquaculture through scientific research and resource assessment, through the provision of equipment and marketing information and facilities to communities, and through improving communities' access to credit through the Special Initiatives Fund.	MAFFF	a. TA – Fisheries Management Project AusAID
	<i>Strategy 10:</i> Establish and declare Tonga's Exclusive Economic Zone.	MAFFF/Crown Law	a. TA – Fisheries Management Project (AusAID)

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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 3: Promote sustained private sector-led economic growth</b>	<i>Strategy 11:</i> Pass necessary amendments to the Fisheries Management Act and finalise regulations for this Act and the Aquaculture Management Act.	MAFFF/Crown Law	a. TA – Fisheries Management Project (AusAID).
	<b>Strategy 12:</b> Review infrastructure support for commercial fishing as part of the formulation of a port development strategy.	MAFFF/Ports Authority/Ministry of Works/Shipping Corporation	TA
	<i>Strategy 13:</i> Privatise non-core functions of Fisheries (excepting instances of community service obligations).	MAFFF	a. TA – Fisheries Management Project (AusAID).
	<i>Strategy 14:</i> Promote foreign direct investment in tourism through regulatory reform, by identifying land for investments in accommodation facilities, and by providing assistance in negotiations for access to that land.	MLCI, Ministry of Foreign Affairs & Defence, Ministry of Lands, Survey, Natural Resources and Environment	
	<i>Strategy 15:</i> Develop a zoning policy within the context of developing an urban planning and management strategy (refer to Strategy 20 above).	MOW	TA/External funding (ADB) a. TA 4648 – Integrated Urban Development Project (ADB).
	<i>Strategy 16:</i> Review and refocus Government’s role in tourism development on policy development, research and planning and regulation, while devolving the marketing function to a corporatised entity.	Cabinet/PSC	a. China Project Phase II of Joint Venture of Janful International Hotel. b. Tourism Development Project (AusAID).

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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
	<i>Strategy 17:</i> Assess the need for a tourism training centre.	TVB/MEWAC	a. Tourism Development Project (AusAID).
<b>Goal 4: Ensure equitable distribution of the benefits of growth</b>	<i>Strategy 1:</i> Implement the Tongan Education Support Program (TESP), seeking efficiency gains to ease the recurrent budget constraint.	MEWAC	World Bank, NZAID a. Tonga Education Sector Project (NZAID, World Bank)
	<i>Strategy 2:</i> Redirect the health budget toward primary and preventative services, ensuring service provision at rural and regional health centres is protected.	MOH	World Bank a. Health Sector Support Project (World Bank)
	<i>Strategy 3:</i> Review health sector financing with a view to introducing (1) user fees, while ensuring exemption for the poor, and (2) voluntary health insurance schemes.	MOH	World Bank a. Health Sector Support Project (World Bank)
	<i>Goal 3, Business Environment Strategy 15:</i> Implement the National Road Development Programme; establish a Road Fund to support proper asset management; and upgrade Vaipua Bridge, Neiafu and construct a bridge across Fanga'uta Lagoon, Nuku'alofa.	MOW	a. Community Development Fund (NZAID) b. Tonga Community Development Assistant Scheme (AusAID).
	<i>Goal 3, Business Environment Strategy 16:</i> Upgrade inter-island sea transport services by introducing a new ferry and a new landing craft.	Shipping Corporation	External funding (JICA)

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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 4: Ensure equitable distribution of the benefits of growth</b>	<i>Goal 3, Business Environment Strategy 17:</i> Upgrade and maintain ports throughout Tonga, giving priority to installation of new, and replacement of deficient, navigational beacons and markers.	Ports Authority, Ministry of Transport, Shipping Corporation	External funding a. TA - Transport, Infrastructure and Asset Management Reform (World Bank)
	<i>Goal 3, Business Environment Strategy 18:</i> Improve domestic air services by consolidating the corporatisation of airports and ensuring continuity of service provision.	Ministry of Transport	a. TA - Transport, Infrastructure and Asset Management Reform (World Bank)
	<i>Strategy 4:</i> Implement the donor-supported Regional and Rural Development Program.	MFEP/Ministry of Foreign Affairs & Defence	AusAID, NZAID, EU, Japanese Grassroots Program a. Tonga Community Development Assistance Scheme (AusAID) b. 6245 RETA - Strengthening Pro-poor Policy Project (ADB). c. Community Development Fund (NZAID) d. Vava'u Social Sector Support Programme (EU)

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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 4: Ensure equitable distribution of the benefits of growth</b>	<i>Goal 3, Economic Sector Strategy 1:</i> Continue to improve the Ministry of Agriculture and Food, Forests and Fisheries' core services delivery to client groups throughout the country (farmers, district and village agriculture committees, growers' organizations, women's groups and NGOs).	MAFFF	
	<i>Goal 3, Business Environment Strategy 14:</i> Design and implement a countrywide program for the development of youth enterprises.	MLCI/MEWAC	TA/External funding (ADB) a. TA 4488 – Youth Micro-Enterprise Development Project (ADB).
	<i>Goal 3, Business Environment Strategy 20:</i> Develop an urban planning and management strategy for Tonga and formulate an investment project for development of urban areas.	MOW	TA/External funding (ADB) a. TA 4648 – Integrated Urban Development Project (ADB).
	<i>Strategy 5:</i> Formulate a social policy framework in consultation with civil society organizations that addresses the needs of specified vulnerable groups.	MFEP	a. TA CSO PROJECT/TON/105 – Strengthening Civil Society Project (UNDP)

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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
	<i>Strategy 6:</i> Finalise, pass and implement the legislation for a National Retirement Benefits Scheme.	MFEP	a. CSO PROJECT/TON/105 – National Retirement Benefit Scheme Project (UNDP)
<b>Goal 5: Improve education standards</b>			
<b>Objective 1: To improve equitable access to and quality of universal basic education for all children in Tonga up to Year 8 (Form 2).</b>	<p><i>Goal 4 Strategy 1:</i> Implement the Tonga Education Support Program, seeking efficiency gains to ease the recurrent budget constraint.</p> <p>Sub-Strategy 1.1 Reform the current curriculum.  Sub-Strategy 1.2 Strengthen Literacy Outcomes.  Sub-Strategy 1.3 Facilitate assessments for Better Learning.  Sub-Strategy 1.4 Improve the quality of teaching.  Sub-Strategy 1.5 Implement the School Grants Programme.</p>	MEWAC	World Bank, NZAID a. Tonga Education Support Program (NZAID, World Bank) b. Social Development & Management Project (AusAID).

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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Objective 2: To improve the access to and quality of post-basic education and training to cater for the different abilities and needs of students.</b>	<p>Sub-Strategy 2.1 Continue to undertake an annual training needs assessment.</p> <p>Sub-Strategy 2.2 Develop the Tonga National Qualifications Framework.</p> <p>Sub-Strategy 2.3 Develop pilot skill-development projects.</p> <p>Sub-Strategy 2.4 Expand opportunities for on-the-job training schemes.</p>	MEWAC	a. Social Development & Management Project (AusAID).
<b>Objective 3: To improve the administration of education and training so that the quality of educational performance is enhanced.</b>	<p>Sub-Strategy 3.1 Strengthen Policy, Planning, Monitoring and Evaluation.</p> <p>Sub-Strategy 3.2 Facilitate effective Policy Dialogues between the ministry and key stakeholders.</p> <p>Sub-Strategy 3.3 Strengthen Management and Administration.</p> <p>Sub-Strategy 3.4 Initiate capacity building activities.</p> <p>Sub-Strategy 3.5 Develop all needed capacity and obtain information for designing and implementing a Sector Wide Approach (SWAp) for the last 12 years of the EPF period.</p> <p>Sub-Strategy 3.6 Develop the capacity of the education system to produce information and communications technology (ICT).</p> <p>Sub-Strategy 3.7 Improve teacher supply and conditions of service.</p>	MEWAC	<p>a. China Project Assistance - Tonga High School Phase 11 Project.</p> <p>b. Social Development &amp; Management Project (AusAID).</p>
<b>Goal 6: Improve health standards</b>	<i>Strategy 1:</i> Continue to implement the National Strategy on Non-Communicable Diseases.	MOH	a. Health Management Project Phase II (AusAID).

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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 6: Improve health standards</b>	<i>Goal 4 Strategy 2:</i> Redirect the health budget toward primary and preventative services, ensuring service provision at rural and regional health centres is protected.	MOH	a. Health Management Project Phase II (AusAID).
	<i>Strategy 3:</i> Formulate standard protocols for the management of all communicable diseases and ensure adequate testing facilities and personnel are available to monitor the prevalence of communicable diseases.	MOH	a. Health Management Project Phase 11 (AusAID).
	<i>Strategy 4:</i> Develop a protocol and undertake a survey to establish the prevalence of sexually transmitted infections.	MOH	
	<i>Strategy 5:</i> Improve curative service delivery by completing the infrastructure redevelopment of Vaiola hospital.	MOH/MOW	World Bank, JICA a. Health Sector Support Project (World Bank); b. Surgical Ward/Obstetrics Ward and Clinical Services Building (JICA)
	<i>Goal 4 Strategy 3:</i> Review health sector financing with a view to introducing (1) user fees, while ensuring exemption for the poor, and (2) voluntary health insurance schemes.		World Bank a. Health Sector Support Project (World Bank)



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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 7: Ensure environmental sustainability and disaster risk reduction</b>	<i>Strategy 1:</i> Complete and enforce the legislative framework for environmental conservation and management.	Ministry of Lands, Survey, Natural Resources and Environment	
	<i>Strategy 2:</i> Integrate environmental costs and benefits into Government decision-making procedures covering policies, projects and private investment proposals.	Ministry of Lands, Survey, Natural Resources and Environment	
	<i>Strategy 3:</i> Implement environmental education programmes and engage communities in remedial measures.	Ministry of Lands, Survey, Natural Resources and Environment	
	<i>Goal 3, Business Environment Strategy 19:</i> Implement and ensure sustainability of the Nuku'alofa Waste Management Project.	MOW	AusAID a. Solid Waste Management Project (AusAID) b. Popua Dump Rehabilitation (NZAID)
	<i>Goal 3, Economic Sector Strategy 7:</i> Continue to support, and where feasible extend the geographic coverage of, Community-based Management and Development Plans for inshore fisheries.	Ministry of Fisheries	

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<b>Goal</b>	<b>Strategy</b>	<b>Implementing Agency</b>	<b>Assistance Required</b>
<b>Goal 7: Ensure environmental sustainability and disaster risk reduction</b>	<i>Strategy 4:</i> Approve and implement a renewable energy policy.	Ministry of Lands, Survey, Natural Resources and Environment	a. Global Environment Facility
	<i>Strategy 5:</i> (i) Pass and implement the National Emergency Management Bill; (ii) Implement the Building Control and Standards Act; (iii) Mainstream risk management within departmental planning and integrate disaster risk reduction within national development planning; (iv) Establish a National Disaster Fund; (v) Improve the capability of communities to be more resilient to disasters.	MOW	World Bank a. Cyclone Emergency Recovery Management Project (World Bank)
<b>Goal 8: Maintain social cohesion and cultural identity</b>	<i>Strategy 1:</i> Provide financial assistance to NGOs offering support services for abused women and children.	MFEP	a. Centre for Women & Children (NZAID)
	<i>Strategy 2:</i> Implement the Action Plan of the National Policy on Gender and Development.	MEWAC	
	<i>Strategy 3:</i> Implement the Youth and Culture Unit's six-part cultural development programme.	MEWAC	