

NRBT ECONOMIC DIALOGUE, 7-8 MARCH 2012
STRATEGIES FROM THE ECONOMIC DIALOGUE ON
GROWING OUR ECONOMY: A COLLECTIVE EFFORT

	Strategy	Specific Actions	Collective Effort to Implement
1. Overarching Strategies	1. Strengthen leadership	(1) Strengthen leadership at all levels of government and private sector (2) Provide capacity building to decision makers	(1) All ministries, private sector (PS) (2) All ministries, PS
	2. Strengthen anti-corruption and the application of the rule of law	(1) Establish the Anti-Corruption Commission (2) Strengthen governance to reduce corruption (3) Strengthen compliance to existing legislations	(1) PMO (2) Customs, Anti-Corruption Commission, Police, all ministries
	3. Enhance collaboration between the government and private sector, and within the private sector.	(1) Conduct regular consultation (2) Formulate clear sectoral plan	(1) MLCI, MOFNP, private sector (2) MAFFF, TVB, industry
	4. Improve quality of statistics	(1) Strengthen Statistics Dept capacity (2) NRBT to continue survey of the private sector. Fill in gaps in the collection of statistics where appropriate. (3) Encourage private sector in compiling & improving quality of statistics (4) Improve coordination and sharing of information (5) Disseminate all relevant statistics to service providers to facilitate planning.	(1) Statistics Dept, MOFNP (2) NRBT, PS (3) Statistics Dept/PS, NRBT (4) Statistics Dept, NRBT, Customs, MOR, MAFFF, TVB (5) Statistics Dept, NRBT, Customs, MOR, MAFFF, TVB
2. Overcoming the Macroeconomic Challenges to Economic Growth	1. Maintain macroeconomic stability	(1) Monetary policy to be proactive to safeguard foreign reserves. (2) Promote price and financial stability	(1) NRBT, MOFNP (2) NRBT, others
	2. Increase remittances	(1) Negotiate for better long-term access to labour mobility schemes: increased concessionary access – particularly Australia (2) Consolidate gains from temporary work schemes in Australia and NZ: Extend scheme to other sectors like construction to help continuity in employment (3) Maintain cultural link with overseas Tongans (4) Establish remittances harmonisation task force	(1) PMO, MLCI, MOFA (2) MLCI (3) MOFNP, MOTEYS, MOFA (4) MOFNP, MOTEYS, MOFA

	3. Strengthen relations with development partners	<p>(1) Strengthen partnership with donors by implementing agreed policies</p> <p>(2) Strengthen harmonization and alignment.</p> <p>a. Explore alternative budget support modalities over time (with TA support)</p> <p>(3) Raise transparency, accountability and reporting of donor funded projects</p> <p>(4) Ensure predictability & sustainability of donor support</p> <p>(5) Improve effectiveness of development assistance</p>	<p>(1) MOFNP</p> <p>(2) MOFNP</p> <p>(3) MOFNP</p> <p>(4) MOFNP</p> <p>(5) MOFNP</p>
	4. Improve implementation of policies	<p>(1) Raise ownership of policies. Government and donors to consult widely on policies.</p> <p>(2) Set realistic timelines for implementation</p> <p>(3) Follow due process in policy and project evaluation. Strengthen leadership. Cabinet to set and enforce procedures.</p> <p>(4) Strengthen capacity at all levels. Provide support to decision makers.</p> <p>(5) Set up processes to prioritize policies.</p> <p>(6) Outsourcing and PPPs</p>	<p>(1) PMO, MOFNP</p> <p>(2) all Ministries</p> <p>(3) Procurement Committee, MOFNP, PMO</p> <p>(4) PMO, MOFNP</p> <p>(5) PMO, MOFNP</p> <p>(6) PMO, MOFNP</p>
	5. Improve co-ordination	<p>(1) Consult the private sector in developing policies</p> <p>(2) Enhance coordinating within government ministries and the NRBT</p>	<p>(1) all Ministries</p> <p>(2) all Ministries, NRBT</p>
3. The Role of the Tongan Government in Growing Our Economy: What risks does the public sector debt impose on our future prospects?	1. Strengthen leadership	<p>(1) Strengthen leadership at all levels of government and private sector</p> <p>(2) Provide capacity building to decision makers</p>	<p>(1) All ministries, PS, PSC</p> <p>(2) All ministries, PS, PSC</p>

	<p>2. Accelerate public sector reform</p>	<p>(1) Develop a plan to start improve service delivery - changing mindsets. Start at the top. (2) a. Ensure rigorous prioritization of reforms through a clear roadmap. b. Accelerate SOEs & financial management reforms. c. Streamline government core functions. (3) Improve efficiency of allocation. a. Undertake expenditure review b. Increase allocations to priority sectors c. Expand performance-based system to 4-5 categories to be effective by July 2012 d. Enforcing performance award system for annual assessment e. Improve quality of spending - priority spending on economic sectors, limit within-year transfers of spending to non-priority sectors (4) Improve delivery of services a. Maximize opportunities to improve service delivery from the government restructure b. Pursue ways of raising performance and accountability (5) Enhance the competency of the public sector</p>	<p>(1) PMO, all ministries, PSC (2) MOFNP, MPEs (3) PSC, All ministries (4) PSC, All ministries (5) PSC</p>
	<p>3. Restore debt sustainability</p>	<p>(1) No increase in debt in the next 2 years/ until 2014/15 (2) Reduce debt to GDP ratio from current level to 40% of GDP (3) Seek more non-debt funds and channel to infrastructure development - grants e.g. solar (4) Cabinet to establish rigorous screening process of all project proposals and demand compliance. (5) Seek debt relief and restructure as medium term strategy (6) Improve investment productivity by undertaking full cost benefit evaluation. (7) Pursue untied loans and grants to increase retained benefits of projects (8) Avoid reducing spending in health and education when interest payments for the Chinese loan begins</p>	<p>(1) MOFNP (2) MOFNP (3) MOFNP (4) Cabinet, MOFNP, CDEC (5) MOFNP (6) MLCI, MOFNP (7) MOFNP (8) MOFNP</p>

	<p>4. Continue with fiscal consolidation</p>	<p>(1) Achieve primary budget surplus of 1% of GDP by 2013 (2) Maintain wage bill at the 2010/11 level. Reduce to 45% of total spending through broader public sector reform program and a well-designed performance management system (3) Safeguard development spending (4) Improve quality of spending - priority spending on economic sectors, limit within-year transfers of spending to non-priority sectors (5) Improve revenue - broaden tax base, improve compliance (6) Introduce prudent fiscal measures to create fiscal space/rebuild cash balance (7) Identify the cost of trade offs on policy options and use tools like the Fiscal Management model to assess these.</p>	<p>(1) MOFNP (2) MOFNP (3) MOFNP (4) MOFNP (5) MOR (6) MOFNP (7) MOFNP, all ministries</p>
	<p>5. Make consistent policy</p>	<p>(1) Collectively develop a clear national economic/sectoral vision. (2) Cabinet to set and abide by procedures to rigorously evaluate policies and priorities (3) Align policies to the vision/national strategy and priorities to be included in all project proposals (4) Promote dialogue on major policies before finalizing policy.</p>	<p>(1) MFNP, all ministries (2) Cabinet (3) MOFNP, all ministries (4) MOFNP, all ministries</p>
<p>4. Expanding the role of the financial sector to grow our economy</p>	<p>1. Enhancing the financial sector's contribution to economic growth</p>	<p>(1) develop mechanisms to encourage greater risk sharing, such as partial guarantee fund (capitalized by donors or Government through a budgetary allocation), channeled through the banking sector (2) Establish revolving development fund with private sector majority membership of the development fund (3) Introduce other products to reduce cost of remittances (4) Commercial banks to support market assessment study to identify potential crops to be exported, quantity & regularity and regulatory requirements</p>	<p>(1) banks, MOFNP (2) MOFNP, NRBT (3) banks, FED (4) MAFFF</p>

	<p>2. Increase transparency and disclosure</p>	<p>(1) Enforce simple disclosure of effective interest rates, fees and charges (2) Publish comparison of profits, interest rates and other financial soundness indicators (3) Continue to strengthen bank supervision (4) Enhance dialogue with commercial banks, including at the regional level (5) Government to share information about new developments to assist banks in tailoring their lending</p>	<p>(1) NRBT, banks (2) NRBT (3) NRBT (4) NRBT (5) MOFNP</p>
	<p>3. Strengthen institutional framework for the financial sector</p>	<p>(1) Establish a credit bureau (2) address land issues - ease of land title transfers, promotion of a more efficient land title registration framework (3) Build institutional capacity - Strengthening the industry associations, market intermediaries, universities, governments, civil society organizations, and grassroots groups who must all be able to play their roles effectively within the system</p>	<p>(1) banks, NRBT (2) Land Commission, MLS, ABT (3) MOTEYS</p>
	<p>4. Improve the creditworthiness of borrowers</p>	<p>(1) Build financial literacy – 2020 Money Pacific Goals (2) Strengthen vocational and business training on financial matters (3) Provide people with tools and know-how to manage their money well (4) Providing global connectivity to Tonga businesses</p>	<p>(1) NRBT, banks, Ministry of Education, MOTEYS, NGOs (2) MOTEYS (3) banks, MOTEYS, MOE, NRBT (4) banks, MLCI</p>
	<p>5. Deepen and broaden the financial market</p>	<p>(1) Promote competition where possible. (2) Enhance consumer protection measures (3) Build legislation and regulatory framework for other forms of finance - leasing, insurance, provident fund (4) Promote access to finance - mobile banking & microfinance</p>	<p>(1) MLCI (2) MLCI, NRBT (3) MOFNP (4) banks, NRBT, mobile phone service providers</p>

<p>5. Private Sector development: can it be the engine of growth in Tonga?</p>	<p>1. Create an enabling regulatory climate to reduce cost of doing business and support entrepreneurship</p>	<p>(1) Amend the Business Licenses Act in order to reduce the licence fees & simplify the process (2) Introduce legislation to fill in the gaps in the commercial law framework - bankruptcy, trustees, electronic transactions, contracting and arbitration, Tourism Act, Foreign Investment Act (3) Continue regulatory reform, especially for business licensing and foreign investment (4) Complete transition to a fully electronic company registry (5) Establish bankruptcy framework (6) Fully implement Personal Properties and Securities Act</p>	<p>(1) MLCI, CL (2) MLCI, CL (3) MLCI (4) MLCI (5) MLCI (6) MLCI, banks, NRBT</p>
	<p>2. Support private sector development</p>	<p>(1) Enhance collaboration between the government and private sector, and within the private sector. (2) Develop sector plans within the industries and discuss with government (3) Improve transparency & communication - surveys, feasibility studies, business environment reform (4) Government to avoid delay of projects (5) Government to negotiate greater labour mobility in the sectors that are found locally so they can bring back the skills to be used in Tonga (6) Promote local companies in government projects (7) Provide businesses access to freely available professional and independent advice -e.g. on tax (8) Government to provide effective and well targeted incentives for private sector development (9) Change our country's attitude to the private sector. Businesses are not here purely to generate income for our government. (10) Delay the commencement of the National Retirement Benefit Scheme Act 2010 for at least 12 months</p>	<p>(1) MLCI, MOFNP, private sector (2) Private Sector (3) all Ministries (4) Procurement Committee, PMO (5) MLCI, MOTEYS (6) MLCI (7) MOR, MLCI (8) MOFNP, MLCI (9) MOR, MLCI, MOFNP (10) PMO</p>
	<p>3. Review taxation regime to dismantle barrier to growth</p>	<p>(1) Conduct a review of the current tax regime, which taxes businesses before profits are generated. (2) Reconsider the imposition of duty on freight (3) Sell off small SOEs and TCC (4) Establish an independent mediation service for disputes relating to legislative compliance, including taxation.</p>	<p>(1) MOR (2) MOR (3) MOR (4) PMO, MOR</p>

	<p>4. Reduce the presence of the State in the Economy</p>	<p>(1) Complete commercialization of SOEs, continue rationalization, hold boards accountable and develop shared services (2) Prohibit ministries from undertaking commercial activities unless there is a clear need that is not being met by the private sector (3) Sell off small SOEs and TCC (4) Introduce private sector disciplines through contracting out and PPPs where appropriate (5) Reduce the high cost of electricity by implementing the Tonga Energy Roadmap and hedge/reduce fuel costs.</p>	<p>(1) MPE (2) PMO, MPE (3) MPE (4) MPE, MLCI, private sector (5) TERM, PMO</p>
	<p>5. Improve Infrastructure</p>	<p>(1) Complete the installation of the fibre-optic cable to ensure open access (2) Upgrade infrastructure through greater use of contracting out and PPPs (3) Establish a joint government – private sector task force to look at means to improve international air and shipping transportation links to facilitate trade</p>	<p>(1) MCI (2) MCI, MPE (3) MPE, MT</p>
<p>6. Dismantling the barriers to growth of the agriculture sector in Tonga</p>	<p>1. Improve market access and enhance trade capacity</p>	<p>(1) Strengthen marketing institution -private sector initiative vs government body (2) Improve access to existing markets through quality control mechanisms to retain market confidence (3) Strengthen producers’ groups and other farmers’ organizations to co-ordinate market supplies, reduce transaction costs and facilitate technology transfer. (4) Enhance access to production, storage, and processing technologies for added value products (5) Government to initiate trilateral dialogue with Fiji and Samoa to improve access to these markets. (6) Negotiation points need to be in line with PPP (Public Private Sector Partnership) work plans such as PHAMA/NGO’s/MORDI</p>	<p>(1) MAFFF, Pharma (2) MAFFF, Pharma (3) MAFFF, Pharma (4) MAFFF, Pharma (5) MLCI /Trade (6) MLCI /Trade</p>

	<p>2. Improve knowledge, skills, technologies and information base</p>	<p>(1) Enhance training programs for small holder farmers to improve yield/quality (2) Improve Human Capital in the form of professional, managerial and technical skills. (3) Ensure appointments to key positions are on merit and results driven. (4) Continue professional development for MAFFF staff to ensure effective delivery of services to ALL farmers – knowledge dissemination a key (5) Strengthen support for public and private sector partnerships and networks to facilitate collaboration adaptative research, education and extension to be more responsive to markets (6) Increase focus on appropriate research and development initiatives for agro-processing and value added products. (7) Capacity building at all levels, and in the many dimensions, ranging across the supply chain from production to marketing</p>	<p>(1) MAFFF, PS (2) MAFFF, PSC (3) MAFFF, PSC (4) MAFFF, PSC (5) MAFFF, PS (6) MAFFF (7) MAFFF, PSC</p>
	<p>3. Improve access to finance</p>	<p>(1) Establish economic stimulus fund (2) Interest subsidies for Farmers (3) Promote partnerships between reliable exporters and good farmers</p>	<p>(1) covered under Financial Sector (No.4) (2) covered under Financial Sector (No.4) (3) MAFFF, exporters, farmers</p>
	<p>4. Improve production</p>	<p>(1) Refocus and realign our research and extension/advisory services according to the needs of the farmers/clients, and market demands. (2) Identify export crops to target (PHAMA Program) (i) HFTA crops; (ii) Fumigation Facility (3) Establish incentive and mechanism on growers payment at farm gate, minimize risk to growers – set price, etc. (4) Frame appropriate policies to improve access to land for long term agricultural investment (5) Develop licenses , venture capital and other incentives for investor in agriculture sector (6) Improved production of local animals and livestock</p>	<p>(1) MAFFF, PS, PHAMA (2) MAFFF, PS, PHAMA (3) MAFFF, PS, PHAMA (4) MLSNR (5) MLCI (6) MAFFF</p>

	<p>5. Improve communication & consultation</p>	<p>(1) Improve facilitation, coordination and collaboration between and among growers, exporters, government, consumers /customers – throughout the value chain) (2) Industry to organize two way learning forum (3) Best farming practices must be communicated to ALL farmers. Eg., assistance programs through donors – FAO, IFAD/NZAid through MORDI, NGOs, 2012 watermelon training conducted by MAFFF; regular soil tests (4) Raise public awareness on buying "local" products - national campaign to promote "Buy Tonga Made" commodities (5) Consultation must take place before work plans are adopted by ministry</p>	<p>(1) MAFFF, private sector (2) private sector (3) MAFFF, MORDI, NGOS (4) MLCI, MAFFF (5) MAFFF, PS</p>
	<p>6. Enhance Government commitment</p>	<p>(1) Strengthen MAFFF's resources - financial & staffing resources (2) Reduce tariffs for Agri-inputs and production costs & Reduce hire rates for Agriculture Machineries (3) Reform MAFFF - separate CEOs (4) Commercialize and privatize the operation of the chemical treatment facility</p>	<p>(1) MAFFF (2) MOR, MAFFF (3) MAFFF, PSC (4) MAFFF, MPE</p>
	<p>7. Ensure sustainable management of natural resources</p>	<p>(1) Strengthen local capacity for integrated management of agricultural and natural resources to maximize benefits (2) Strengthen biosecurity for effective national border protection from pests and disease and invasive incursions (3) Support the enforcement and development of agriculture and natural resource regulation and policies improve the productivity and sustainability of the resource base. For example – roaming pigs damages need urgent action.</p>	<p>(1) MAFFF, PS (2) MAFFF, PS (3) MAFFF, PS</p>
	<p>8. Improve infrastructure</p>	<p>(1) Designated clean area for export containers at wharf (immediate) (2) Build centralised cool storage facility (2-3 year plan?) (3) Upgrade secondary rural roads which are in very poor condition (4) Allocate a specific area for export containers (5) Government to negotiate a better service for Tonga (PFL Board)</p>	<p>(1) Ports Authority (2) MAFFF, PS (3) MOT (4) Ports Authority (1) MOT</p>

<p>7. Does Fisheries Sector in Tonga has a future and is it sustainable?</p>	<p>1. Strengthen the working relationship between the fishing industry and Government (Fisheries Division)</p>	<p>(1) Government to reprioritise the fisheries sector by: a. upgrading the Fisheries Division into a Fisheries Dept (FD) separate from Agriculture and Forestry and headed by a CEO; b. establish an umbrella National Fisheries Council (NFC) (2) FD and NFC to establish a Task Force Team of about 5 members. This Task Force will consist of technical experts in the various fields of the FD and fishing industry, who will: (i) implement and monitor the plans and policies laid down by the Government (3) Enhance dialogue between government and the industry (4) Monitor quota and prevent illegal harvest & processing (5) Completely ban all possible depleted species (6) Require export proceeds to be returned to Tonga (7) Improve quality of data</p>	<p>(1) MAFFF/ Fishery Industry (2) MAFFF/ Fishery Industry (3) MAFFF/ Fishery Industry (4) MAFFF/ Fishery Industry (5) MAFFF/ Fishery Industry (6) MAFFF, NRBT, Customs (7) MAFFF/ Fishery Industry</p>
	<p>2. Reduce cost of doing business</p>	<p>(1) Review and revise all levies that fishing businesses are legally obligated to pay before the business is started and during operation (2) Formulate sectoral policies that would eliminate cumbersome bureaucratic and regulatory impediments; and create a clear, thoughtful and practical procedure to follow on foreign involvement in the industry. (3) Reduce or remove CT (4) Reduce or remove custom duties and taxes on imported fishing gears and bait (5) Improve wharf infrastructure and management</p>	<p>(1) MAFFF/ Fishery Industry (2) MAFFF/ Fishery Industry (3) MOR (4) MOR (5) Ports Authority</p>
	<p>3. Enhance training and capacity building</p>	<p>(1) Identify the training needs in the areas of business planning and management of potential and existing entrepreneurs in the fisheries sector, and management of money. (2) Develop a national training programme on business planning and management to suit the needs of the sector. (3) Develop a mentoring programme to provide after-training support service to fishing business operators who have completed the training programme (4) Use the successful completion of the training programme by potential and existing entrepreneurs in the fisheries sector as a condition for accessing government support</p>	<p>(1) MAFFF/ Fishery Industry (2) MAFFF/ Fishery Industry (3) MAFFF/ Fishery Industry (4) MAFFF/ Fishery Industry</p>

	<p>4. Improving output of the fisheries sector</p>	<p>(1) Conduct research & development on fisheries products (2) Review the structure of current investment incentives and develop a fisheries investment framework and investment policy to ensure coordinated and effective consideration of investment proposals across Government and the private sector. (3) Review foreign investment in the fishery industry (4) Develop potential aquaculture areas and issue licenses (5) Develop management plans for other potential fisheries e.g. shark, bluenose (6) Expand the Special Management Area (SMA) network</p>	<p>(1) MAFFF/ Fishery Industry (2) MAFFF (3) MAFFF (4) MAFFF (5) MAFFF (6) MAFFF</p>
	<p>5. Improve access to finance</p>	<p>(1) Review the current terms and availability of credit to potential and existing fishing businesses to meet the special requirements of micro and small to medium enterprises (SME) (2) Government to provide financial assistance (3) Consider low interest long term loans</p>	<p>(1) banks, NRBT (2) MOFNP, MAFFF (3) banks, NRBT</p>
<p>8. Realizing the potential of the tourism sector</p>	<p>1. More coordination and partnership between the public and the private sector to drive tourism forward.</p>	<p>(1) Create a public/private partnership role for sustainable growth that is unified and efficient (2) Establishment of a public-private sector body to drive tourism (destination development and marketing). (3) New initiatives in attracting investment and product development. (4) Develop a Strategic Tourism Plan to act as guideline for the development of the sector for the next five years (5) Institutional and Legislative Reform a. Improving destination management, investment and marketing for the tourism sector b. Increasing the involvement of the industry in sector planning c. Increasing transparency and accountability, including in the industry licensing process (6) Improve quality of data collection</p>	<p>(1) TVB/Industry (2) TVB/Industry (3) TVB/Industry, MLCI (4) TVB/Industry (5) TVB, MLCI, CL (6) TVB/Immigration Dept/Stats Dept/Industry</p>

	<p>2. Support for Tourism</p>	<p>(1) Establishment of one-stop shop for licenses and accreditation (2) Reintroduction of investment incentives for tourism investment (3) Provide land at moderate or no cost at suitable sites for hotels, resorts development or assembly of land by the government for suitable development sites is sufficient incentive (4) Review possible sites for tourism precincts in other areas of Tonga (5) Review investment processes a. Improving procedures and ensuring appropriate fees and charges for business licenses, work permits and land leases</p>	<p>(1) MLCI, TVB (2) MLCI, TVB (3) MLSNR (4) TVB, Tonga National Committee (5) MLCI, MLSNR, MOFA</p>
	<p>3. Access to cheap/low interest financing & Productivity incentives</p>	<p>(1) Banks to reduce high lending rates (2) Government to provide incentives e.g. 10% CT next 5 years, development license reinstated (duty free for hotel development projects & tax holiday next 5 years) (3) Inject equity to help investors to upgrade accommodation products & services (4) Develop the handicraft market to ensure consistent quality & supply</p>	<p>(1) Refer to Financial Sector (No.4) (2) MOR, MLCI (3) Refer to Financial Sector (No.4) (4) TVB/Industry</p>
	<p>4. Improve Marketing</p>	<p>(1) Corporatize TVB - manage Tourism Marketing & Promotional activities (2) Develop a MICE marketing strategy - Meetings, Incentives, Conferences & Events (3) Target an 8% increase per annum in tourism receipts for the next 3 years (4) Undertake a market research into consistently meeting demand from current markets and developing of new markets; (5) Establish tourism marketing centres in Auckland, Sydney, Los Angeles/San Francisco & Asia (6) Continuously provide information to relevant parties (7) Enhance cooperation with neighbouring countries</p>	<p>(1) TVB/Industry (2) TVB/Industry (3) TVB/Industry (4) MLCI/MOT/PS (5) MOT/MLCI/PS/other bodies (6) MOT/PS (7) MOT</p>

	5. Infrastructure upgrade	<p>(1) Immediately review and implement fuel cost structure efficiencies</p> <p>(2) Improve air and sea transport services to meet all sectors needs</p> <p>(3) Implement policies to maintain land transport standards and facilities</p> <p>(4) Explore how to capitalize on the communication/technology development underway</p> <p>(5) Develop a national approach and implement at the community level to keep Tonga clean and maintaining its landmark sites, natural environment and beauty</p>	<p>(1) MLCI</p> <p>(2) MOT</p> <p>(3) MOT</p> <p>(4) MOI, MOT</p> <p>(5) TVB</p>
	6. Support Tourism Sector development	<p>(1) Clear statement of Govt. policies to support tourism sector development</p> <p>(2) Seek/provide effective assistance (financial/TAs/training) to support tourism sector development</p> <p>(3) Improve relationship/partnership with tourist operators</p>	<p>(1) MOT</p> <p>(2) MOT/PS</p> <p>(3) MOT/PS (TTA & TTI)</p>