

ESTABLISHING A SOLID PLATFORM FOR GROWTH

The Tongan Government's steadfast commitment to reform is already producing tangible gains in the area of infrastructure.

TELECOMMUNICATIONS

This sector has been turned on its head since Digicel's acquisition in early 2008 of local provider, Tonfon. Extended coverage, improved services such as GPRS, and the continuation of the strong price competition initiated by Tonfon, have seen mobile penetration rates soar in Tonga (see box opposite).

While competition exists in the mobile, data lines and internet/web hosting, government-owned Tonga Communications Corporation (TCC) remains the exclusive option for fixed-line services. TCC is planning a major upgrade of its network to enable it to bolster its broadband internet offering.

Although wireless/broadband internet is currently available in the capital, connection speeds are typically very slow. With an undersea fibre-optic cable connection to Tonga some way off, an increase in the capacity of the existing satellite link is expected.

AVIATION

In 2007, the Tongan government created a corporate entity Tonga Airports Ltd (TAL) to manage all the country's airports. Most international arrivals land at Fua'amotu International Airport, which is located 21 km from the capital, Nuku'alofa. Unsurprisingly, this has been the first priority of TAL, with regular users reporting significant improvements in facilities and services over the past two years of operation.

'This is Tonga's gateway to the world and we aim to deliver a safe and secure operating environment which meets the needs of our customers and travellers,' says TAL's Chief Executive Officer Darin Cusack. 'We want to make this airport easy to use and develop our commercial revenues—but without losing that Tongan flair.'

Other important island airports, such as those in the popular tourist destinations of Ha'apai and Vava'u, are also undergoing upgrades and enhancements.

ELECTRICITY

Although more than 80% of the population is on the network of government-owned Tonga Power, the cost of electricity is on the high side. Power generation in Tonga is totally dependent on fossil

fuels, and unprecedented increases in oil tariffs in the last four years has led the Government to take steps to ensure energy security by introducing an *Energy Road Map* with a stated goal of 50% of electricity generation from renewable sources by 2012.

According to 'Akau'ola, Tonga's Renewable Energy Co-ordinator, the road map will 'address all issues relating to the generation of electricity ... as well as the affordability, accessibility and sustainability of electricity throughout the whole Kingdom.'

WATER

The Tonga Water Board provides water solely to the main urban centres and this is chlorinated. Rural areas have their own supplies.

PORTS & SHIPPING

'Tonga is well serviced by international shipping,' says Ross Chapman, local agent for New Zealand companies Reef Shipping and Pacific Direct Line. 'There are two weekly services from Australia, New Zealand and the USA, and monthly services from Japan and China. The maximum lead time would be 6–8 weeks to ship anything anywhere.' The other major carrier is the Pacific Forum Line, co-owned by seven Pacific Island countries.

The Port Authority of Tonga is responsible for Nuku'alofa port, including operating stevedoring services. This terminal handles 99% of all international cargo, with import volumes heavily outweighing exports.

A much-needed major upgrade of these facilities is underway, financed largely by the Chinese Government. The project will see the dilapidated heritage site of Vuna Wharf refurbished and extended to create a new 'Gateway to Nuku'alofa.' It will be able to accommodate larger vessels such as cruise ships, with a separate marina for yachts. This will have the added benefit of freeing up space at the main container wharf (Queen Salote), which is also being renovated.

ROADS

Although only about 30% of the country's roads are sealed, the busier routes around the main island of Tongatapu, including those around the capital, are sealed and well-maintained. ■

CASE STUDY: LINKING THE ISLANDS

In early 2008, New Zealand regional airline Air Chathams Ltd answered a distress call from the Tongan Government to provide vital domestic aviation services.

For the past 25 years, the company has operated to and from the Chatham Islands in New Zealand. With previous domestic providers, Airlines Tonga and Peau Vava'u, experiencing financial difficulties, Air Chathams established its Chathams Pacific subsidiary to provide scheduled, charter and freight services within Tonga.

Its services link the capital to the outer islands using eight- to 50-seater aircraft and have been enjoying healthy yields, thanks to reliability, and a simplified reservations procedure and fare structure.

'Travel agents used to be wary of sending clients to Tonga because of the bad experiences they'd had with unreliable domestic connections,' points out General Manager Noel Gillespie. 'We set out to change that.'

Its Tongan venture has had inevitable challenges, some related to the speed with which the operation was set up—in just two months. Chathams Pacific also had to deal with high fuel costs (now reduced), demands for reduced fares from local special interest groups, and the rationalisation of some tax issues agreed with the Tongan Government.

Happily, the business is now on a firm footing and Gillespie is optimistic about its future and its ability to assist with growing Tonga's tourist industry.

CASE STUDY: WOULD YOU LIKE CABLE TV WITH THAT?



After taking the Pacific Islands by storm during the past three years, mobile phone provider Digicel has just launched a ground-breaking cable TV offering in the Kingdom of Tonga.

Irish-owned and Caribbean-based, Digicel specialises in breaking mobile phone monopolies in smaller developing nations. Besides a wide Caribbean presence, it also operates in several Pacific islands. Its entry into Tonga (it officially launched on 7 May 2008) was slightly unusual, in that it purchased an existing supplier (Tonfon) rather than starting from scratch.

Nonetheless, a major investment was still required in Tonfon's existing mobile network before Digicel was ready to take on government-owned TCC. The company's total investment in Tonga is now about US\$25 million.

'We are able to roll out new products faster [than the competition],' says David Butler, Chief Executive Officer of Digicel Tonga (pictured left). 'We have 98% coverage of the country and offer very low-cost handsets. We are now the number one mobile operator in the market place.'

And the news for Digicel's subscribers—including the business community—keeps getting better. In April 2009, Digicel launched GPRS in Tonga. Then, on 31 July, it unveiled its Digi TV cable television service. It can now offer phone, internet and television on a single plan.

The television arm was a legacy of the Tonfon business Digicel purchased. After conducting market research, a 20-channel package was put together, including local and international content, representing the entry into a whole new business area for the Digicel group as a whole.

So what's next? 'I get enquiries every day about when we're going to launch Blackberry,' adds Butler. To him, this development clearly illustrates the growing sophistication of Tonga's telecommunications market.

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