Vanuatu Tourism Value Chain Study

Final Report

April 2026

POLIS PARTNERS

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Background

Vanuatu is highly reliant on international tourism. Tourism plays a significant role in underpinning economic activity, government revenue, and employment in Vanuatu. Prior to the COVID-19 pandemic, tourism consistently served as a dominant economic driver. In 2019, tourism receipts for Vanuatu were estimated at US$314.1 million (VUV 37.4 billion). More broadly, from 2011 to 2018, international tourism generated an average of US$282 million per year (VUV 33.6 billion), accounting for an average of 72.8% of total exports and 35.6% of GDP over that period.[1] This heavy reliance means that Vanuatu had the eighth highest proportion of tourism receipts and the seventh-highest direct contribution of tourism to GDP between 2016 and 2018.[2]

Tourism remains an important source of earnings in foreign currency, and tourism demand supports the viability of important transport and communications networks which connect Vanuatu internationally and domestically.

The sector is currently navigating a prolonged recovery phase following COVID-19, the liquidation of Air Vanuatu and most recently, the December 2024 earthquake, which caused significant disruption to infrastructure, accommodation facilities and visitor confidence. Many operators continue to face delays in reopening or are operating at reduced capacity due to damage to premises, disrupted supply chains and ongoing repair costs.

There are signs of recovery, however. As of September 2025, air visitation has already surpassed 2024, indicating that the effects of the Air Vanuatu liquidation are starting to be overcome.

While international visitor numbers are recovering, the sector remains vulnerable to further shocks and elevated operating pressures. This context reinforces the need for support to stabilise tourism as part of Vanuatu's broader economic recovery.

Purpose of the study

The Vanuatu Tourism Value Chain Study (the 'study') was commissioned by the Market Development Facility (MDF) and the Vanuatu Department of Tourism. The purpose of the study is to develop reliable up-to-date estimates of the contribution of international visitor tourism to the economy of Vanuatu, and better understand the tourism value chain, including suppliers to accommodation providers and tour operators.

[1] Exchange rate conversion based on 2024 World Bank official exchange rate (VUV per US$, period average)

[2] Global Sustainable Tourism Council, using World Bank data.

The methodology underpinning this study, including a Vanuatu tourism value chain survey administered to 449 registered tourism businesses in Vanuatu, forms a replicable base which the Department of Tourism can update regularly. These updates would allow the subsequent performance and impact of the tourism sector on Vanuatu's economy and labour market to be monitored and reported.

The Tourism Value Chain

Tourism in Vanuatu drives activity across a wide network of sectors and suppliers. This study maps how international visitor spending flows through the economy, from initial expenditure to the wider value created for local businesses and workers.

Visitor spending enters through prepaid items (flights, accommodation, tours) and in-country spending (meals, transport, retail). Air visitors account for over 90 per cent of total tourism spend. Tourism businesses earn most income from accommodation and tour services, followed by food /beverage, retail and local transport. Around 60–65 per cent of business income is retained locally.

The sector is closely linked to domestic supply chains, especially marketing, food and cleaning and consumables. While some inputs will remain imported, there are clear opportunities for greater local sourcing, particularly in fresh produce, processed food and consumables. Strengthening these linkages would increase the share of tourism value retained in Vanuatu.

Tourism is highly labour-intensive, with most employment in customer-facing roles across hospitality, transport and tours. Local staff fill most positions, with expatriates concentrated in management and technical roles. Skills gaps persist in frontline service delivery, supervision, accounting and basic management. Targeted training and certification pathways would improve service quality and reduce reliance on foreign labour.

Current Economic Contribution

Tourism's central role in Vanuatu's economy - Tourism is a major driver of national income and employment, generating economic activity through both direct visitor spending and wider flow-on effects across supporting industries.

Direct contribution dominated by air visitors –Air visitor expenditure accounts for the vast majority of tourism revenue due to longer stays and higher daily spending.

International tourism remains a key driver of Vanuatu's economy – Despite setbacks in 2024 due to transport and infrastructure disruptions, the sector still contributed an estimated VUV 21.5 billion in direct visitor expenditure, although this is down from VUV 31.0 billion in 2023, and VUV 37.4 billion in 2019 before impacts of Covid-19 could be felt.

Substantial domestic value creation - Around 42 per cent of tourism output translates into domestic value added—wages, local business earnings, and VAT contributions—amounting to VUV 12.9 billion (2023) and VUV 8.9 billion (2024).

Strong indirect and induced effects - Tourism generates significant second-order impacts through supply chain purchases and household consumption, with multipliers indicating that every VUV 1 of direct spending produces roughly VUV 2.8 of additional economic activity. Therefore, direct and indirect tourism activity supports 1 in every 4 dollars in the VUV economy.

Sizeable share in the Vanuatu economy - Given Vanuatu GDP estimates for 2023 are VUV 148.1 billion, the value-add contribution of tourism in Vanuatu is estimated to be approximately 25% of total GDP, representing a sizeable and important contributor. This contribution is lower at 16% in 2024 with the decline in tourism value-add (and increase in Vanuatu GDP to VUV 154.7 billion).

High employment contribution despite 2024 downturn - The sector supported around 24,500 FTE jobs in 2023 and 17,000 in 2024. This represented roughly 29 per cent of total employment in Vanuatu in 2023, concentrated in service-based, locally staffed roles such as accommodation, food services, and retail. This underscores the sector's ongoing importance to livelihoods across Vanuatu.

Value chain opportunities

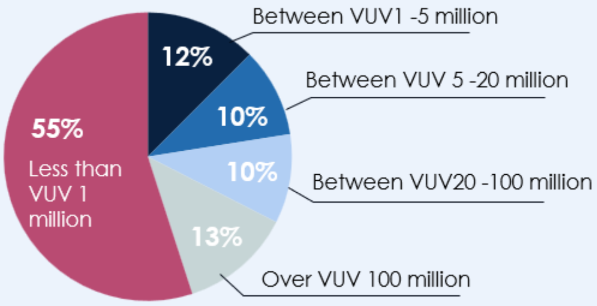
Value-chain initiatives should aim to deepen local participation and strengthen linkages between tourism and the domestic economy. Exploring the following measures could help in building the competitiveness of local firms, enhancing workforce capability, and reducing economic leakage through local supply-chain substitution (away from imports):

- **Service and infrastructure support** - support brownfield upgrades and small lodges/bungalows with shared infrastructure and services to raise occupancy and yields.
- **Tourism workforce skills program** – establish short, accredited training in hospitality operations, customer service, food handling and basic management.
- **Work readiness and reliability uplift** – deliver practical soft-skills and work-readiness programs focused on attendance, communication and customer interaction.
- **Retaining skilled workers** – introduce retention mechanisms for critical tourism roles.
- **Small and medium-sized business finance** – access to dedicated microfinance with flexible collateral requirements for small and informal tourism businesses.
- **Grant and finance access** – single tourism business support portal with provincial outreach for grants, loans and concessionary finance.
- **Cruise market access support** – assist local operators in gaining access to onboard and port sales channels.

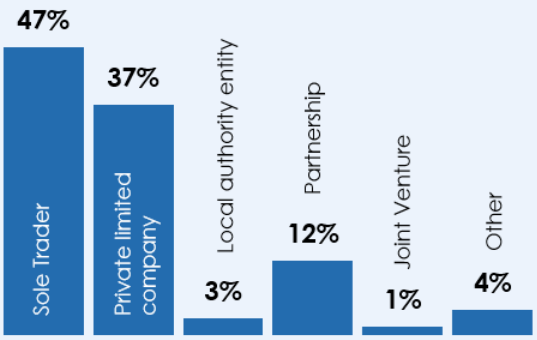
Business characteristics

Overall, there were 84 survey responses*. The following graphs illustrate the size, business type, and primary activity of respondents. Most respondents reported an annual turnover (2024) of less than VUV 1 million, operate as sole traders or private companies, and are primarily engaged in accommodation services or tour operations/activity provision.

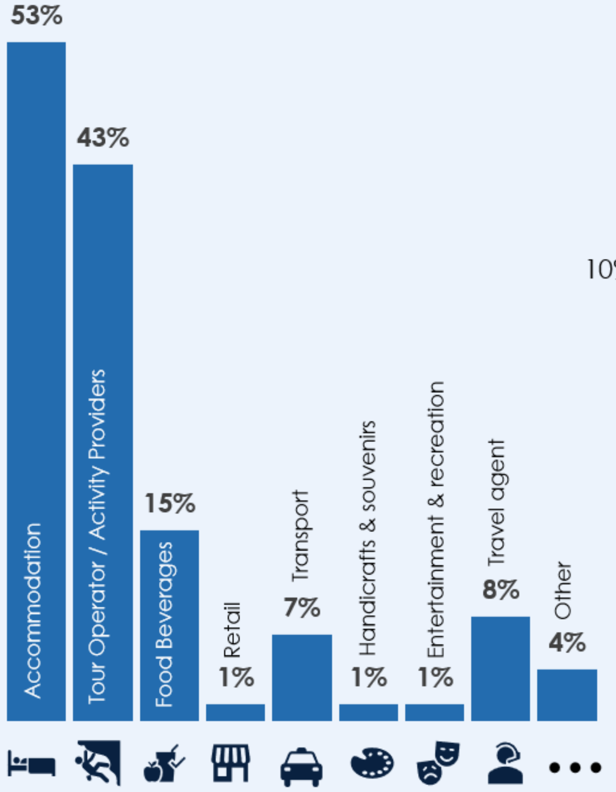
What is the total value of sales of goods and services (2024)?



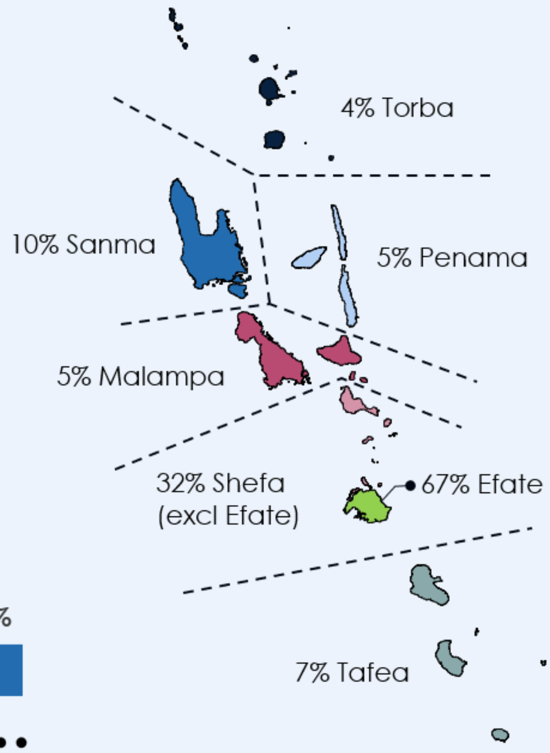
What is the legal status of your business?



Which of the following best describes your primary tourism activity?

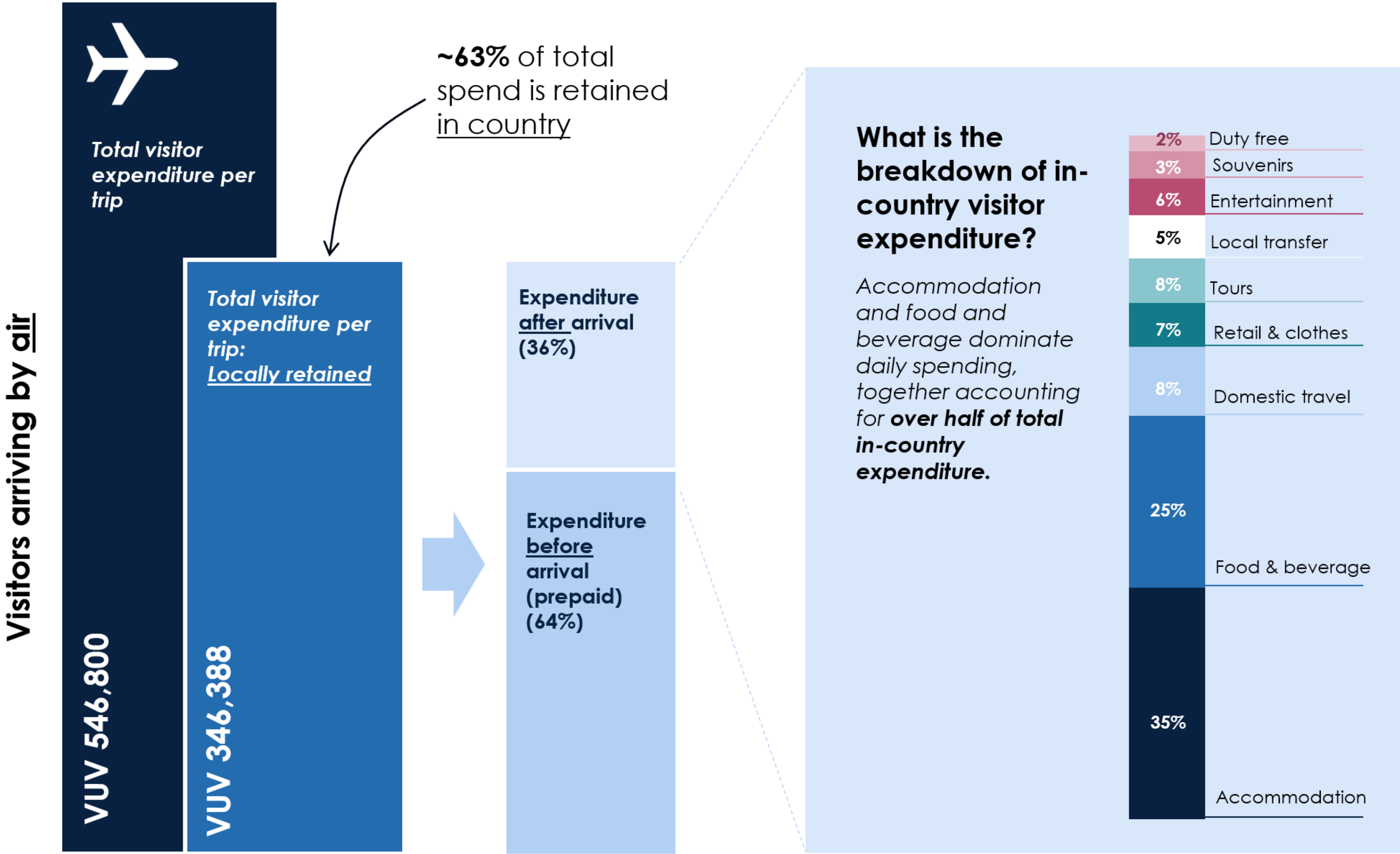


Proportion of businesses operating in each Province

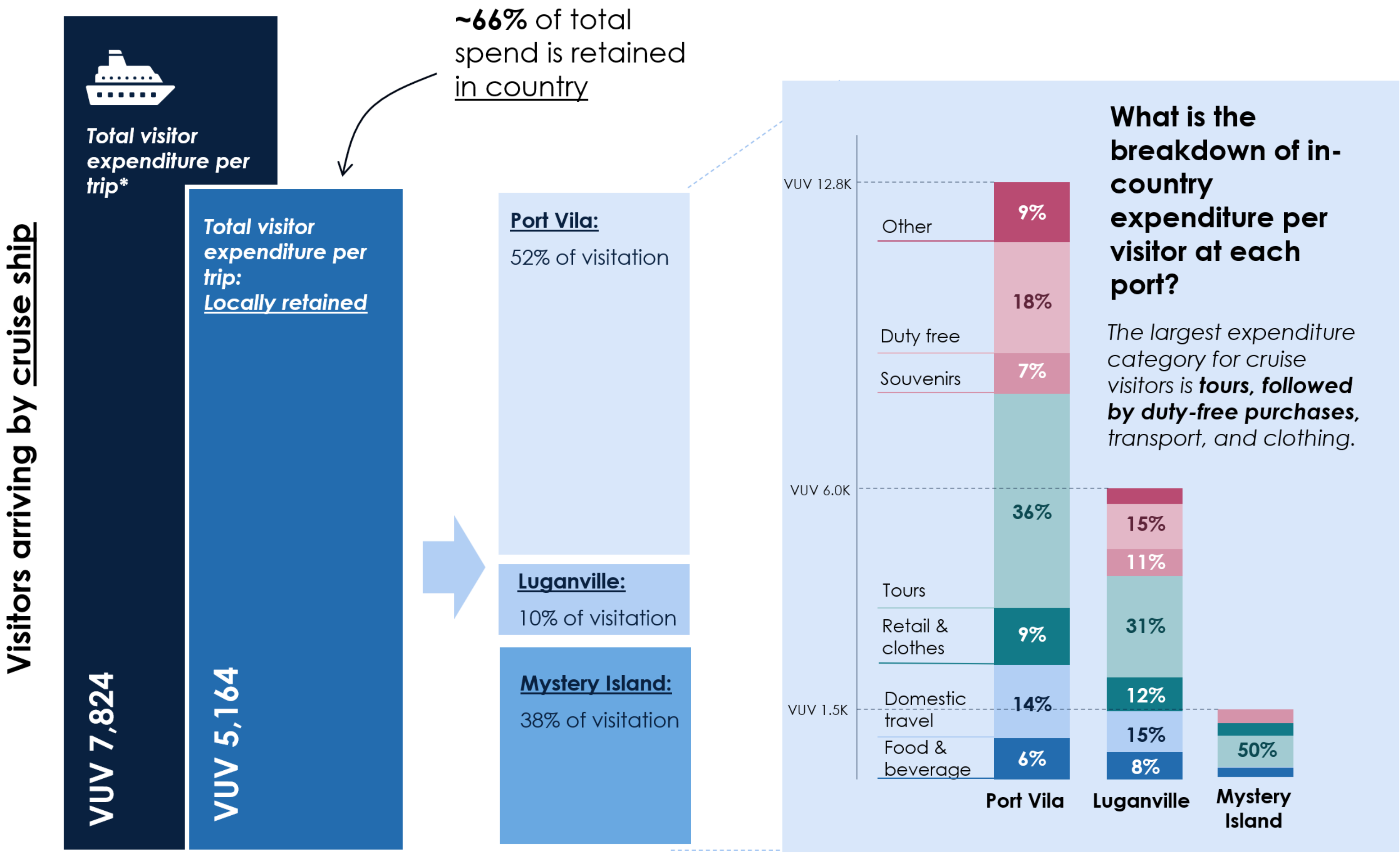


After beng administered to 449 registered tourism businesses. The number of responses for each question varies, as participants could skip questions or exit the survey at any time.

How are visitors spending their money?

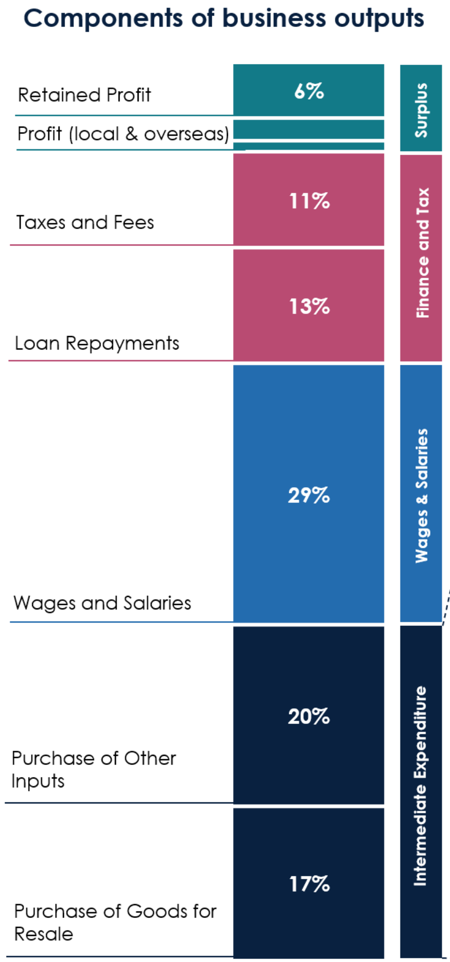


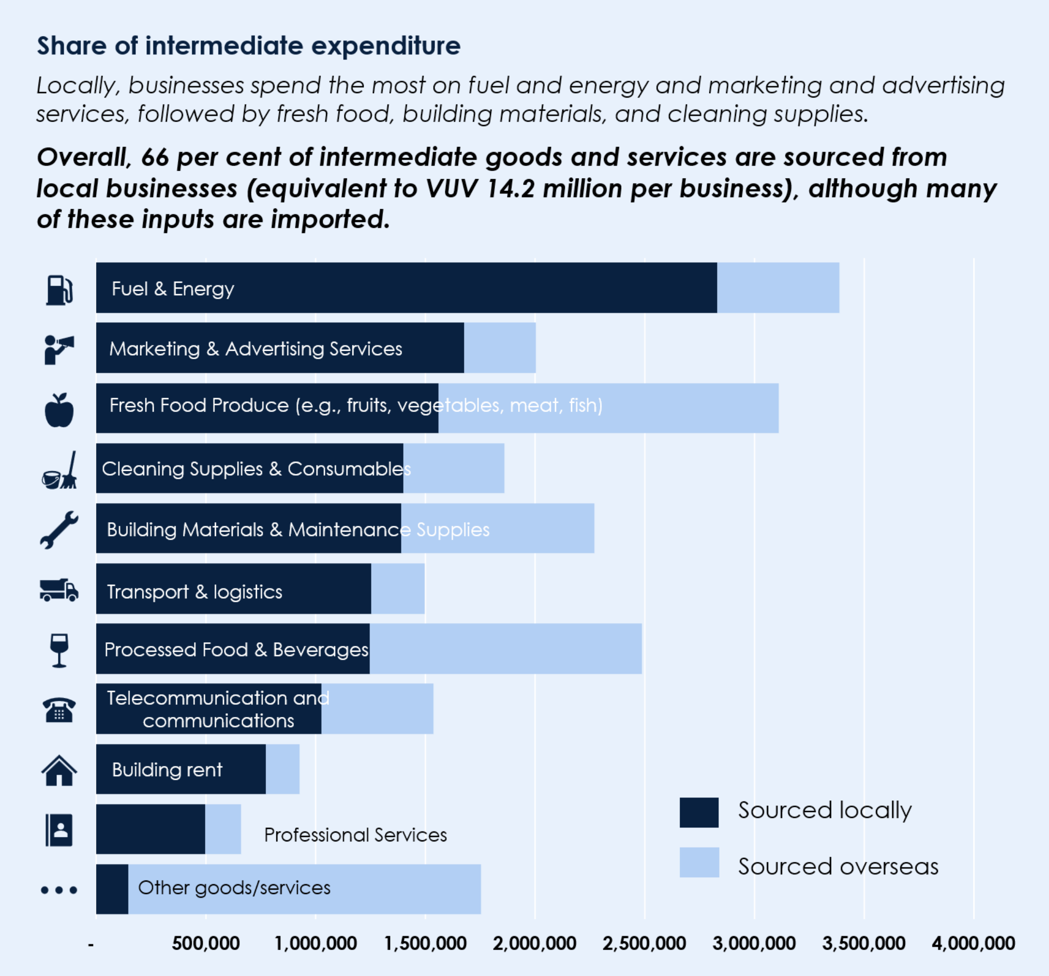
How are visitors spending their money?



*excluding the cost of the cruise itself

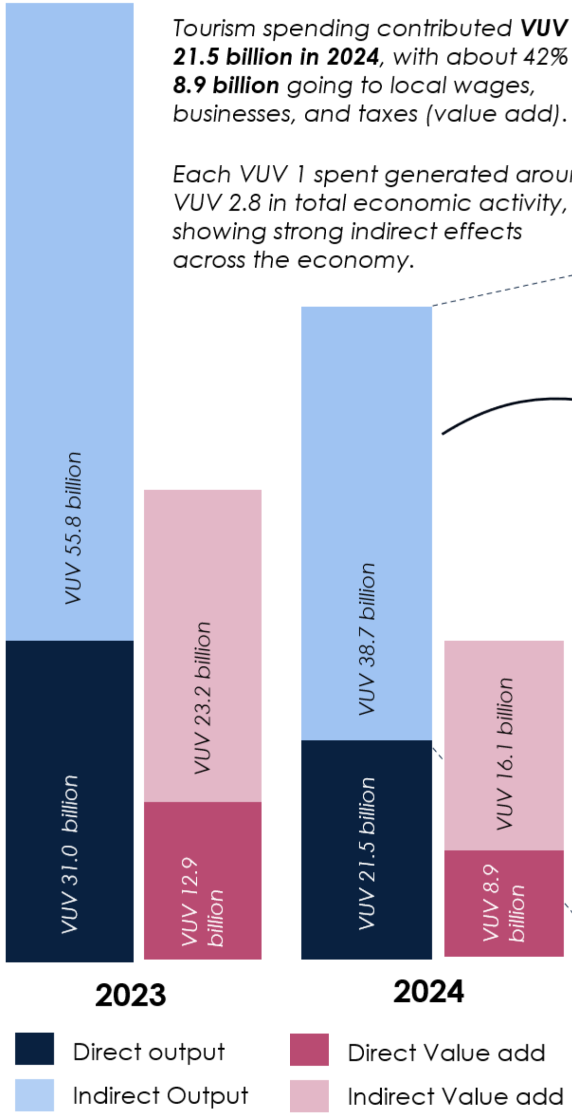
What is the typical structure of a tourism business?





These results reflect the spending patterns of tourism operators, who typically purchase inputs from local suppliers. However, many of those local suppliers may themselves import a significant share of what they sell (e.g. fuel). As a result, survey data can under-represent the true extent of overseas sourcing in earlier parts of the supply chain. This is a limitation of surveying businesses that sit further downstream in the tourism value chain.

How does tourism contribute to the economy?

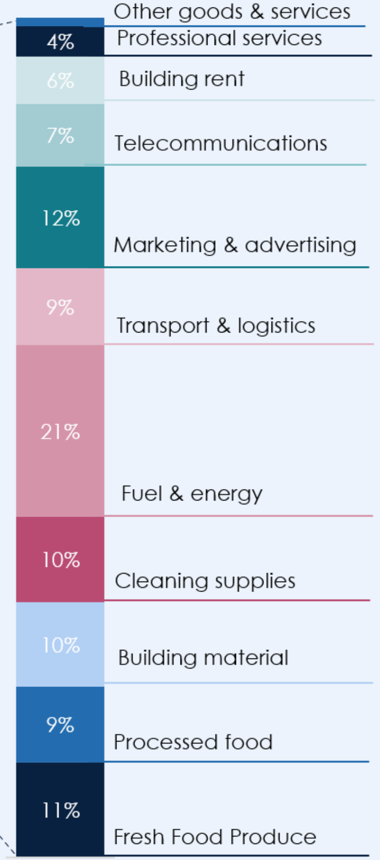


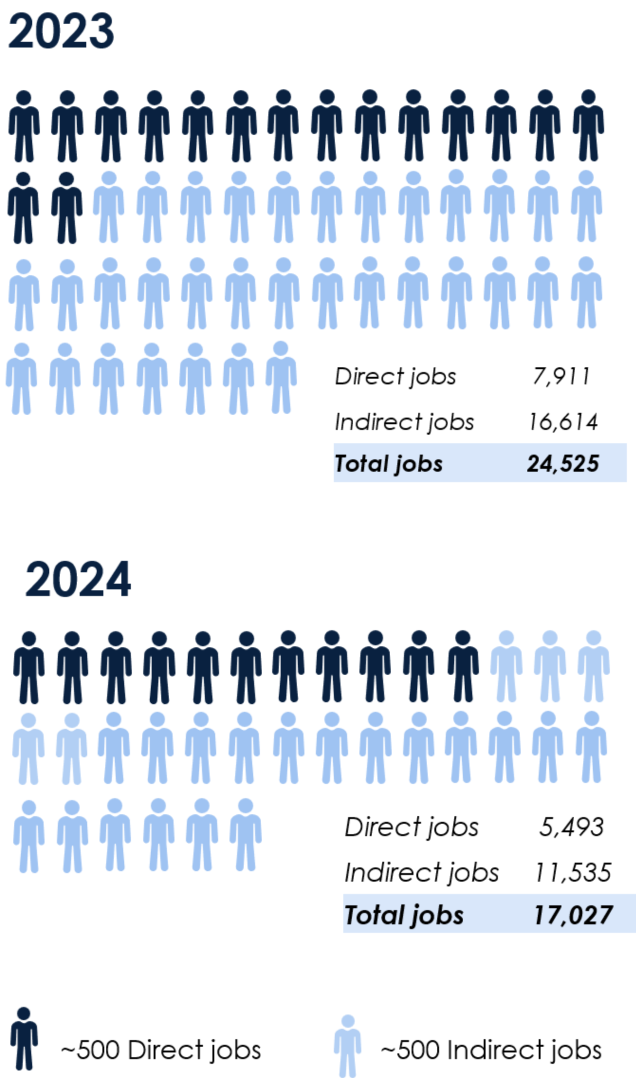
*Tourism spending contributed **VUV 21.5 billion in 2024**, with about 42% or **8.9 billion** going to local wages, businesses, and taxes (value add).*

Each VUV 1 spent generated around VUV 2.8 in total economic activity, showing strong indirect effects across the economy.

Share of indirect effects

Indirect effects are shared across industries with the majority going towards fuel & energy, transport & logistics and building materials





Chapter 1: Overview

1. Overview

1.1 About the study

The Vanuatu Tourism Value Chain Study (the 'study') was commissioned by the Market Development Facility (MDF) and the Vanuatu Department of Tourism. The purpose of the study is to develop reliable estimates of the contribution of international visitor tourism to the economy of Vanuatu, and better understand the tourism value chain, including suppliers to accommodation providers and tour operators.

1.2 Scope of the study

Due to ongoing disruptions to international and domestic aviation, the study will focus on developing an up-to-date snapshot of the tourism economy in Vanuatu. The purpose of this is to assess and provide recommendations to Government, development partners and the tourism industry about opportunities and challenges for the industry and local businesses in the tourism value chain.

Tourism activity in Vanuatu is currently concentrated around Port Vila, Efate and the broader Shefa Province. To better understand the structure of this local tourism economy, a Tourism Value Chain Survey has been conducted with businesses operating in the area. The survey complements official visitor data for 2023 and 2024, together with other public datasets and past analytical work undertaken for Vanuatu.

An accommodation survey for Shefa Province was also completed in 2024, with similar surveys planned for other provinces during 2025. This will extend the evidence base for regional tourism and provide a more complete picture of how visitor spending flows through local economies.

Additional international flight routes are expected to commence during this period, making 2025 a timely opportunity to pilot the survey approach and establish a baseline for visitor expenditure and value chain mapping. As tourism expands, a follow-up national study can be undertaken to update and validate findings, with increased participation from the Department of Tourism and other government agencies.

The methodology underpinning this study forms a replicable base which the Department of Tourism can update regularly. These updates allow the subsequent performance and impact of the tourism sector on Vanuatu's economy and labour market to be monitored and reported.

1.3 Project Objectives

The Objectives of the study are to:

- Estimate the direct and indirect contribution of the tourism sector to Vanuatu's economy, using a methodology that can be replicated by the Government of Vanuatu in future years, or to calculate the historic contribution.
- Identify and analyse the contribution of businesses throughout the value chain, including those who are not traditionally seen as tourism businesses.
- Assess challenges and opportunities for businesses in the tourism sector, potential areas to increase the inclusion of local businesses, and recommendations to support the growth of Vanuatu's tourism industry.

1.4 Previous studies

Several studies have sought to measure the economic importance of tourism to Vanuatu, focusing on different aspects of visitor activity and sector performance. Collectively, these provide an important evidence base for understanding the scale and nature of the visitor economy, but most have not traced how visitor expenditure flows through local businesses and supply chains.

The Vanuatu International Visitor Survey (IVS, 2024) provides a core dataset on visitor arrivals, expenditure, and satisfaction. The survey remains a primary demand-side dataset used by the Government of Vanuatu to inform tourism policy and marketing. However, it does not extend to analysing domestic linkages or the proportion of expenditure retained within the local economy.

The World Travel & Tourism Council (WTTC, 2023) provides a high-level estimate of tourism's macroeconomic contribution. It applies a Tourism Satellite Account (TSA) framework consistent with international standards, offering useful benchmarking but limited sectoral or regional insight into local supply chains or business structures.

The IFC's Vanuatu Agri-Tourism Linkages report (2015) examined how tourism demand in Port Vila's hospitality sector links to domestic agricultural production, and where these linkages fail or can be strengthened. It found that hotels and restaurants spend around VUV 1.5 billion per year on fresh produce, but over half of this demand (about 54%) is met through imports, largely due to gaps in the reliability, quality and consistency of local supply. The report identifies strong opportunities for import replacement across key products.

This 2014 Net Balance Management Group Assessment of the Economic Impact of Cruise Ships to Vanuatu study (NB, 2024) quantified the direct and indirect economic effects of cruise tourism. The study identified key spending categories, including tours, retail, and hospitality, and provided early estimates of multiplier effects from cruise-related activity. Its focus on cruise tourism offered an important foundation for understanding mass-market visitor segments, though it did not extend to other parts of the tourism economy or analyse supply-chain linkages.

The Market Development Facility (MDF, 2024) – Economic Impact of International Yachting in Vanuatu study provided the first dedicated estimate of the yachting sector's economic contribution. The analysis demonstrated how yachting expenditure supports local businesses and communities across multiple islands, particularly those outside the main tourism centres. While providing valuable sub-sector data, its focus was limited to one component of the broader tourism industry.

This study builds upon and extends these previous efforts by:

- integrating both demand-side data (from the IVS and NB study) and supply-side data (from the Tourism Value Chain Survey) to capture how visitor spending circulates within the domestic economy
- estimating value-add, leakages, and local retention rates to determine the true economic contribution to Vanuatu
- providing sector-level insights into business operations, supply-chain dependencies, and workforce composition
- establishing a replicable framework for ongoing measurement of tourism's contribution, enabling future development of a Tourism Satellite Account or Computable General Equilibrium modelling.

1.5 Assumptions and limitations

The analysis in this study adopts a mixed-methods approach, drawing on multiple data sources to build a comprehensive picture of tourism's economic role in Vanuatu. These include primary data collected through the Vanuatu Tourism Value Chain Survey, official statistics published by government and economic agencies, and selected consultant and development partner reports. As with any triangulated approach, some differences exist between data sources. Where discrepancies occur, professional judgement has been applied to determine the most reliable estimates. Further detail is provided in Appendix A.

Given the exogenous shocks affecting Vanuatu's economy in recent years, including the COVID-19 recovery, the liquidation of Air Vanuatu, and the December 2024 earthquake, the analysis considers both 2023 and 2024 to capture a representative view of tourism activity under varying conditions. Survey data are used to provide up-to-date insights into business operations and value-chain structures, and to highlight what may constitute a more typical year of tourism activity once disruptions stabilise.

The study focuses on international visitor-related tourism, encompassing visitors arriving by air and cruise ship. It excludes government travel, domestic resident tourism, and business travel by local firms.

Finally, the results are intended to provide indicative, order-of-magnitude insights into tourism's value chain and its contribution to the Vanuatu economy. While the methods are consistent with accepted tourism economics practices, the analysis is constrained by data availability and quality. Where applicable, this report makes recommendations on how to overcome these constraints, noting that more precise measurement of tourism's economic impact would require development of a Tourism Satellite Account and application of computable general equilibrium (CGE) modelling to capture wider economy-wide effects.

1.6 Structure of this document

The balance of this document is structured as follows:

- Section 2: Methodology
- Section 3: Survey Results
- Section 4: Value Chain Analysis
- Section 5: Economic Contribution Analysis
- Section 6: Findings and Recommendations

Chapter 2:
Methodology

2. Methodology

This chapter outlines the methodological framework used in this study to estimate the economic contribution of tourism to the Vanuatu economy and to map the structure of the tourism value chain. The analysis combines quantitative and qualitative methods to capture both the scale of visitor spending and the way that this spending circulates through local businesses, supply chains, and households.

The methodology has been designed to:

- use the most recent and reliable data available, supplemented by primary data collection through the Vanuatu Tourism Value Chain Survey
- identify how tourism expenditure supports domestic production, employment, and income generation
- assess how much of each visitor dollar remains in the Vanuatu economy versus what leaks overseas through imports and foreign-owned operations
- benchmark results against past studies and international frameworks, ensuring consistency with recognised tourism economic accounting practices.

The approach reflects the realities of Vanuatu's data environment and tourism structure, integrating official statistics, business survey data, and industry consultation to produce robust, order-of-magnitude estimates.

2.1 Approach

The methodology is organised around three complementary components:

1. **Primary data collection** – a targeted survey of tourism businesses in Shefa Province to capture up-to-date information on cost structures, supply chains, and employment. (See Section 2.3). Additional face-to-face engagement with key businesses on the ground in Vanuatu was also undertaken to supplement the survey.

   As part of this process, there was a triangulation of survey results with official data and previous analyses to ensure internal consistency and to provide a baseline for future updates.

2. **Value chain analysis** – mapping of linkages between tourism businesses and their local suppliers, identifying where value is retained or lost across key segments of the economy. (see Section 2.4).

3. **Economic contribution analysis** – quantification of tourism's direct, indirect, and induced effects on output, value-add, and employment using a structured five-step framework (see Section 2.5).

Collectively, these components allowed for a detailed understanding of the structure, dynamics, and economic significance of the tourism sector in Vanuatu. The analytical framework also provides a foundation for future tourism satellite accounting or computable general equilibrium (CGE) modelling as data quality and availability improves.

Table 1: Methodology overview

Key Inputs	Activities	Outputs
Primary data collection		
• Business establishment register from DoT • Online survey instrument • Sampling strategy, data validation and cleaning tools • Translation (if needed)	• Design methodology and provide to DoT • Rollout online survey instrument • Data cleaning, validation, summary and analysis	• Updated estimates of intermediate expenditure, and employment in tourism businesses during key tourism periods in 2025
Value chain analysis		
• Business establishment register • Primary data collection, including the Vanuatu Value Chain Survey • Industry data sources	• Structured interviews with local purchasers and suppliers of goods and services • Analysis of primary data collection, survey responses and industry data sources	• Analysis of international visitor arrivals and spending patterns in Vanuatu • Mapping of interactions and dependencies in key tourism value chain(s) • Identification of key challenges and opportunities to improve local contribution
Economic contribution analysis		
• National accounts • Tourism statistics • Administrative data sources • Primary Data Collection • Tourism multipliers	• Calculation of direct economic contribution using visitor expenditure patterns. • Decomposition of direct output into its value-add components. • Application of economic multipliers to direct contribution estimates. • Benchmark to previous estimates, and recent sub-sector studies	• Estimate of tourism's direct and indirect contribution to Vanuatu output, value-add and employment.

Additional detail in relation to the economic methodology for value chain analysis and contribution analysis is provided below.

2.2 Data Sources

Desktop data collection was undertaken from a range of statistical, administrative and industry sources. Through this process, key gaps, limitations and alternative data sources or methods were identified to incorporate into subsequent steps. Key activities included:

- Extract, transform and prepare data supplied
- Validate data supplied against external data sources (e.g BOP), establish control totals
- Tourism business database cleaning and validation
- Validate definitions, methodological clarifications with relevant Government of Vanuatu subject matter experts.

The following table sets out the key data sources used in the study.

Table 2: Key data sources

Category / Use	Data	Availability	Period (latest)
National accounts tables and data sources			
1. National GDP accounts	VBOS Preliminary GDP release	I	Annual (2023p, 2024p)
2. Industry Production and consumption accounts	Supply and Use Tables – National Accounts Section – Establishment Surveys; Tourism Establishment / Accommodation Survey discontinued	I	Annual (2023 update forthcoming)
3. Employment	Labour Force Survey	I	4Y (2021, 2025 forthcoming)
4. Gross fixed capital formation	Reserve Bank estimates (Construction Activity, Commercial Banks Credit to Tourism related activities); VIPA FDI	I	RBV Quarterly (Dec 2024); VIPA Annual (2023, 2024)
5. Business revenue	Immigration and Customs data (e.g. arrivals), Business Establishment Census, VTO accommodation survey, VAT, DCIR Customs & Tariff rates	I	Annual (2023, 2024)
Tourism data			
6. Inbound tourism consumption	Tourism Expenditure Survey	I	Ad hoc
7. Domestic tourism expenditure	Household Income and Expenditure Survey, Tourism Expenditure Survey (domestic subset)	I	HIES 4Y (2019)
8. Tourism business earnings	Reserve Bank estimate; DCIR business license and VAT;	I	RBV Quarterly (Dec 2024) DCIR annual (2023, 2024)

Category / Use	Data	Availability	Period (latest)
9. Tourism business information	Business Establishment Census; VIPA FDI and employment; Industry benchmarks for cost structure;		BEC adhoc (2022, 2025 register update forthcoming); VIPA annual (2023, 2024)
10. Tourism data and studies	Previous studies, expenditure estimates, visitors by category (e.g. Yachting, Cruise Ships, Recreational Fishing, AgroTourism)		Ad hoc
11. Visitor arrivals	VBOS International Arrival Statistics; DCIR Yacht and Cruise Ship Arrivals		Monthly (Sep 2025)
12. Visitor expenditure	Vanuatu International Visitor Survey Report		2024
13. Tourism impact	Travel and Tourism Economic Impact 2023		Annual

Note: Expected availability of suitable data is categorised as follows: green = currently available; yellow = partly available; red = not available

Key gaps were identified through meetings with key stakeholders and responses received during the desktop data collection activity. These are identified below:

- up-to-date and validated Supply and Use Tables (SUT) and Input-Output (IO) tables
- estimates of intermediate expenditure and producer cost structures for tourism industry
- leakage and dependency estimates for tourism businesses in Vanuatu
- up-to-date domestic tourism and labour force collections.

Following an extended period of disruptions during the COVID-19 pandemic, and subsequent natural disasters, a number of data sets were being updated by GoV agencies during the study period. Survey collections were underway and/or scheduled for release for a number of datasets during 2025. The following datasets were not yet available for use in this study:

- VBOS Household Income and Expenditure Survey 2025
- VBOS Labour Force Survey 2025
- VBOS Business Establishment Register 2025 update
- VBOS GDP chain-linked estimates to 2023 (released Sep 2025)
- VBOS International Visitor Arrivals to Sep 2025

As a result, interim estimates were supplied for use in this study and may require reconciliation to official estimates when available for the period 2023 and 2024.

In addition, stakeholders noted a number of limitations in timeliness and quality that may affect the reliability and quality of existing collections and data sources. These are discussed further in Appendix A.

2.3 Survey Approach and Specification

2.3.1 Scope and objective

The objective of primary data collection was to address the key information gaps about intermediate expenditure and value chains for tourism businesses in Vanuatu. While noting the challenges in timeliness, quality and coverage of existing collections noted above, addressing challenges in existing national statistics or economic collections is outside the scope of this study.

As such primary data collection focused on gathering the following information required to meet the study objectives:

- Intermediate expenditure, cost-structure and employment in tourism businesses
- Mapping interactions and dependencies in key tourism value chains ((including non-traditional tourism businesses)
- Identifying key challenges and opportunities to improve local contribution.
- Validating wages, non-market inputs, and contributions to training, employment and social outcomes by the tourism sector.

2.3.2 Approach

Primary data collection consisted of the following activities:

- Establishment survey of tourism businesses, primarily via an online survey (n ~ 400 registered tourism businesses).
- Structured interviews with local purchasers and suppliers of goods and services

2.3.3 Tourism business survey

Target population

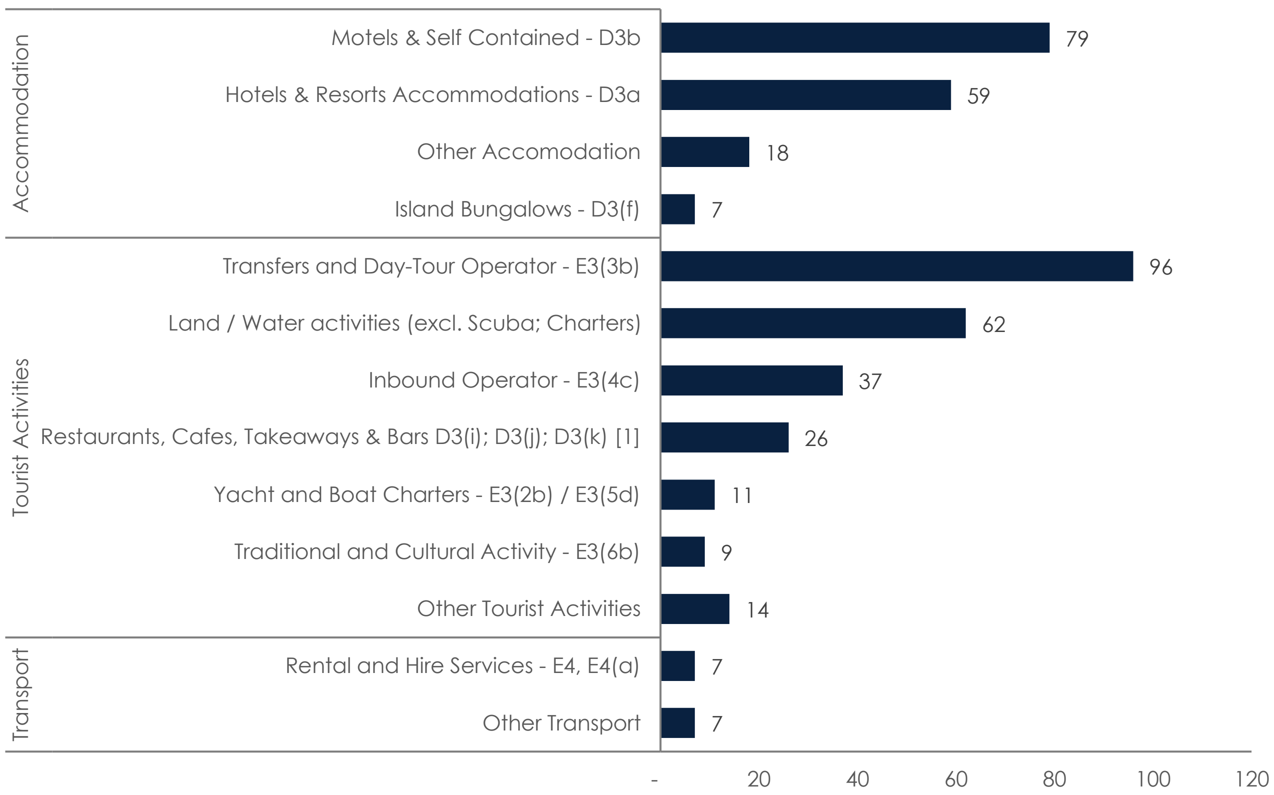
For the survey, the target population was defined as tourism businesses in Vanuatu, primarily operating in Port Vila urban area and Shefa Province.

During the study period, flights to outer-islands and cruise ship visits were disrupted following the 2024 Port Vila earthquake and the liquidation and restructure of national carrier, Air Vanuatu. As such the survey focused on collection information from businesses in Shefa province, including Port Vila and Efate, where most tourism businesses are located, and remained more accessible to tourists during this period.

The target population was defined using a register supplied by DoT for 449 registered tourism businesses in Shefa province. The register was updated following tourism permit checks conducted by the DoT in early 2025.

The register covers businesses issued a tourism permit by the DoT, for business licences issued by the Department of Customs and Inland Review (DCIR) in Port Vila and/or Shefa Provincial Government for the following tourism-related business activities.

Figure 1 Tourism businesses – registered in Port Vila and Shefa Province



Source: DoT Tourism Business Register, Shefa Province (Sep 2025)
Notes: [1] Tourism accredited businesses only

Survey design and questionnaire

The survey questionnaire was designed for self-completion by respondents representing each tourism business. Questions were designed to capture basic information on business earnings, cost structure, and expenditure on local and imported inputs. Where practical, survey wording and terminology was also aligned with definitions typically used in establishment surveys in Vanuatu, such as those previously conducted by the RBV and VBOS. Respondent demographics and screening questions on tourism business activity types were used to screen and classify responses. Survey completion time was designed to be around 20 to 30 minutes, to minimize the cost to respondent businesses.

Additional questions were contributed by MDF and DoT to cover reporting thematics like sustainability, gender, disability and inclusion.

Functional and useability tests were undertaken with DoT staff to ensure accuracy of wording, ease of interpretation and logical response.

Additional support was also offered for respondents who may require assistance with completing the survey, or to complete the survey in Bislama or another language, or responding on behalf of multiple tourism businesses.

Tourism operators in the informal sector and international businesses

It was noted during the design phase that smaller or informal tourism businesses, such as bungalows, home stays, and bus tour/transfers operators may have difficulty accessing or completing an online survey via email. Likewise, larger and more complex businesses, such as international hotel chains were also anticipated to be less likely to respond to an online survey.

Informal sector

The most recent comprehensive study of Vanuatu businesses was the VBOS 2022 Business Establishment Census (BEC)[3]. The 2022 BEC had a very high response rate (89%) from informal businesses, and specifically included all tourism-related businesses. The study found that informal sector businesses make a sizeable contribution to local employment and communities, particularly those outside Port Vila. Tourism businesses in this category have relatively simpler and less diverse cost structures and are reasonably represented in existing collections.

International businesses operating in Vanuatu

Conversely, previous establishment surveys have found it more challenging to collect responses from larger international businesses with operations in Vanuatu. For example, the 2022 BEC had a much lower response rate (10%) from formal businesses, which includes almost all international tourism businesses. Further, in Shefa Province, where larger, international tourism business are mostly located, and access for survey collectors is better, only 28% of businesses provided a response to the 2022 BEC, compared to 69% of businesses nationally. Similarly the accommodation occupancy rate sample survey was discontinued in 2007 because of non-response by hoteliers[4]. Tourism businesses in this cohort tend to be in the higher turnover segments, and as formal businesses they are better captured in administrative datasets, as well as tourism industry databases and benchmarks. Linkages to international value-chains are also captured through trade and investment data sources.

[3] Vanuatu Bureau of Statistics. (2022). 2022 Business Establishment Census – Preliminary Report, Table A.

[4] Vanuatu National Statistics Office (VNSO). (2014). Vanuatu National Strategy for the Development of Statistics 2014-2020. Vanuatu National Statistics Office.

As such, the survey questionnaire used for this study was tailored to focus on domestic small-to-medium businesses, with relatively simpler business structures, and typically having a turnover of VUV100million or less.

The same questionnaire was distributed to all sampled tourism businesses, regardless of turnover size. This included the smaller operators (holding tourism permits), and larger international operations described above. Note that the inputs from administrative and national statistical data sources are generally used in place of the survey estimates for key quantitative variables used in this study. Response rates by turnover size were monitored during the survey period to ensure coverage of all turnover size segments.

Survey distribution and response

The survey was delivered via email using a survey platform and online survey instrument, for self-completion by nominated contacts for each business. Promotion, follow up and other communication via email and social media was undertaken using DoT's existing channels, as well as those of partners in tourism associations. No respondent incentives were provided.

The survey was delivered in-field commencing on 10 September 2025, with the close date for analysis of survey responses being the 24th of November 2025. Any subsequent responses after this date are unlikely to alter the overall findings and have not been added into the analysis. They may, however, form part of a broader evidence base DoT can draw on in future when replicating and updating this work.

Invitations to participate in the survey were emailed to each business in the DoT register with valid contact details, directed to the nominated contact for tourism permits. A single-use link to the online questionnaire was included in the invitation. In addition, responses were monitored to ensure only one response per tourism permitted business was provided.

The DoT tourism business register was last updated during spot checks of tourism permits in early 2025. However preliminary cleaning and test emails identified a number of outdated, missing or incorrect contact details. Follow up calls and cross-checking with other administrative datasets was undertaken by staff from DoT, Shefa Province and project team during September 2025 to further validate and update contact details. After removing duplicate records and remaining invalid contact details, a total of 376 unique email invitations were sent to tourism business in the Shefa Province. Further breakdown of email response rates is set out in the following table.

Despite prior cleaning and validation, 15% of email invitations were undeliverable (n=55). This is significantly higher than the 0.5% to 1.0% rate typically expected in market research. Alternative distribution domains, recipient contact emails, social media and follow up calls were also used during the survey period to improve delivery rates.

Table 3 Email response rate

Item	Count	Share of delivered invites (% Emails Sent)	Response rate (% DoT Register, Shefa Province)
DoT Register, Shefa Province	**449**		
Email list [1]	395	n/a	n/a
Emails sent [2]	**376**		
Of which, bounced	55	15%	n/a
Delivered	**321**		
Of which, unopened [3]	122	38%	27%
Opened / click through [3]	102	32%	23%
Email responses received [3]	**84**	**26%**	**19%**

Source: analysis of DoT Register and VTVC 2025 survey responses

Follow up emails and phone interviews were undertaken during October 2025 to increase the response rate to the target level for each segment. A total of 84 questionnaires were completed during the survey period, compared to the sampling target of 80.

Table 4 Survey response by turnover size

Turnover Size (VUV' millions)	Expected (N)*	Respondents (n)**
> 100	105	11
20-100	118	8
5-20	100	8
0-5	126	57
Total	**449**	**84**

Source: analysis of DoT Register and VTVC 2025 survey responses
*Population in which the survey went out to
**Actual respondents. Not all respondents provided their turnover, therefore respondents in this table have been grouped indicatively according to the distribution of turnover size of those respondents who did provide.

2.3.4 Interviews

Interviews

Structured interviews were also undertaken with local purchasers and suppliers of goods and services, as well as a sample of inbound tour operators. Interviews were undertaken in-person or via phone. This provided an opportunity for informal sector and/or other underrepresented tourism business to provide input to the study.

Table 5 Interview and workshop response rate

Item	Count	Response rate (% DoT Register, Shefa Province)
Email responses received	**72**	**16%**
Targeted follow up (>VUV100'm)	**10**	
Workshop attendees (<VUV20'm)	**10**	
Total survey responses	**93**	**20%**

Source: analysis of DoT Register and VTVC 2025 survey responses

2.4 Value chain analysis

The value chain analysis examines how spending by international visitors circulates through Vanuatu's economy and how tourism businesses interact with suppliers, workers, and supporting industries. The approach combines primary data collection, survey analysis, and structured interviews with local purchasers and suppliers of goods and services. This mixed-methods framework provides a more detailed understanding of the distribution of benefits, linkages between sectors, and opportunities to strengthen local participation in the tourism economy.

The value-chain analysis is structured around five steps, summarised below.

Step 1 – Analysis of where international visitors spend in the local economy

This step identified the main areas of visitor spending and how these translate into demand for local goods and services. It examined spending by visitor type (air and cruise) across categories such as accommodation, food and beverage, tours, retail, and transport to establish a clear link between visitor expenditure patterns and the initial entry points of income into the domestic economy.

Step 2 – Tourism business earnings in key supply chain sectors

Tourism-facing businesses in the accommodation, food services, tours, and transport sectors make up a majority of Vanuatu's visitor economy. Using data from the Vanuatu Tourism Value Chain Survey, this step quantified the distribution of earnings across these key sectors, providing insight into where tourism revenue is concentrated.

Step 3 – Composition of business output and value-add components

This step analysed the cost and value structure of tourism businesses, decomposing total output into its core components: intermediate expenditure, wages and salaries, taxes and licence payments, financing costs, and operating surplus. This breakdown allows for estimation of the value-add share of output, representing the portion of tourism activity that directly contributes to Vanuatu's GDP and household incomes.

Step 4 – Mapping of intermediate supply-chain expenditure

Tourism businesses rely on a wide range of domestic suppliers, including transport, food and beverage, agriculture, utilities, and marketing services. This step explored where businesses source their intermediate goods and services and the proportion that is procured locally versus imported. The results provide insight into the strength of domestic linkages and highlight opportunities to expand local participation in tourism supply chains, particularly among small producers and operators.

Step 5 – Tourism employment, occupations, and skills

The final step assessed the structure of employment within the tourism value chain, drawing on survey responses on the number, type, and qualifications of workers. It identifies common occupational profiles and highlights skills gaps and areas where targeted training or certification could enhance workforce capability and reduce reliance on expatriate labour.

While the scope of this study does not extend to the development of full Supply–Use or Input–Output Tables for the Vanuatu economy, the outputs of this exercise establish the necessary building blocks for doing so in the future. The approach provides a replicable framework that can be expanded as new data become available, supporting the future development of a Tourism Satellite Account and more sophisticated modelling of sectoral linkages and spillover effects.

2.5 Economic contribution analysis

The economic contribution analysis builds on previous World Travel and Tourism Council (WTTC) and specific yachting and cruise ship contribution studies by providing an updated snapshot of the current international visitor tourist contribution and provides estimates of the value-add component of this contribution (building on previous work which has focused on the output contribution).

The estimation of international tourism's economic contribution to Vanuatu is based on a six-step framework combining visitor expenditure data, business survey insights, and multiplier analysis from international benchmarks. The approach follows standard economic impact assessment practice and aligns with the analytical methods used by the World Travel and Tourism Council (WTTC) and regional tourism studies.

Step 1 – Estimate total international visitor expenditure

The first step compiled total international visitor spending by combining data from the Vanuatu Bureau of Statistics (VBOS) on international arrivals (air passengers and cruise visitors) with corresponding visitor expenditure estimates.

For air visitors, expenditure includes both prepaid spending before arrival (e.g. flights, accommodation, and tours) and in-country spending once visitors arrive. For cruise visitors, expenditure is limited to in-country spending on goods and services during port calls.

The sum of these categories represents the **direct economic output** of the tourism sector.

Step 2 – Estimate leakage and locally retained expenditure

To measure the portion of tourism spending that remains in the domestic economy, leakage rates are applied to both prepaid and in-country expenditure. Leakage represents the share of spending that flows overseas through imports or foreign-owned services (e.g. international airlines, cruise operators, and online booking platforms).

Leakage rates are derived from a combination of the Vanuatu International Visitor Survey (IVS) Report and data reported by businesses participating in the Vanuatu Tourism Value Chain Survey. Leakage rates are 37% for prepaid expenditure and 34% for in-country expenditure, as seen in Figure 5, Figure 6 and Figure 7. Accounting for these ensures that only expenditure captured by local businesses and supply chains contributes to Vanuatu's measured economic output.

Step 3 – Estimate direct value added

Economic value add was calculated by applying value-add-to-output ratios obtained from the Vanuatu Tourism Value Chain Survey to the locally retained tourism output estimated in Step 2. This ratio reflects the proportion of total business output that contributes to Vanuatu's GDP, including wages and salaries, taxes and licence fees, and operating surplus retained locally.

The result provides an estimate of direct economic value added, representing tourism's direct contribution to Vanuatu's Gross Domestic Product (GDP).

Step 4 – Estimate direct employment contribution

Direct employment supported by tourism is derived by applying output-per-FTE (full-time equivalent) ratios to the direct tourism output estimates. These ratios are drawn from the WTTC Economic Impact Study and adjusted to reflect the relative labour intensity of the Vanuatu tourism sector, based on survey data.

This step yields an estimate of total jobs supported directly by visitor spending in tourism-facing industries (e.g. accommodation, food services, transport, and tours).

Step 5 – Estimate indirect and induced contribution

Indirect and induced contributions capture the flow-on effects of tourism through supply chain activity and household consumption.

- Indirect effects arise from local businesses purchasing goods and services from other domestic suppliers.
- Induced effects arise when wages paid to employees in tourism and related sectors are spent in the wider economy.

To quantify these effects, Type II output and employment multipliers from previous WTTC analyses and comparable Pacific Island studies are applied to the direct output and employment results. The sum of direct, indirect, and induced components provides the total economic contribution of tourism to the Vanuatu economy.

Step 6 – Benchmark and validate results

Finally, total output, value-add, and employment estimates were benchmarked against previous studies and national accounts data to ensure reasonableness and internal consistency. This validation helps to contextualise findings and highlight differences arising from changes in visitor patterns, economic shocks, or methodological refinements.

Chapter 3:
Survey results

3. Survey Results

This chapter presents findings from the Vanuatu Tourism Value Chain Survey, designed to provide primary, business-level evidence on how tourism operators generate revenue, structure their costs, employ labour, and engage with local supply chains. The survey targeted registered tourism businesses in Port Vila and across Shefa Province, where tourism activity remains most concentrated and accessible following recent disruptions. The final response profile reflects a cross-section of business sizes.

The results provide insight into important dimensions of tourism business operations, including:

- business status and operating locations
- revenue sources
- expenditure patterns
- local sourcing
- employment
- skills gaps
- operational challenges, and;
- access to finance.

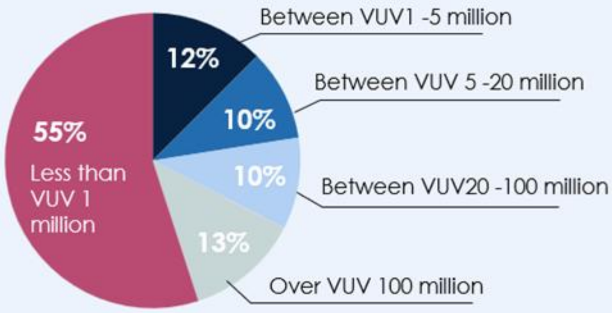
Collectively, these areas highlight how tourism businesses function at the micro level and how they connect into Vanuatu's wider economy.

Overall, the survey provides a grounded, supply-side perspective to complement existing visitor and macroeconomic data. It establishes a baseline for understanding how tourism value is created, distributed and constrained at the business level in Vanuatu, and forms an important input into the subsequent value chain and economic contribution analysis presented in Sections 4 and 5.

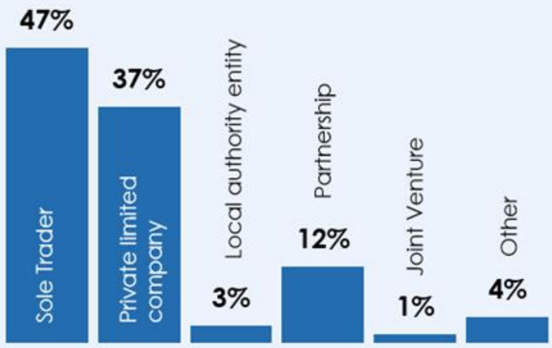
Business characteristics

Overall, there were 84 survey responses*. The following graphs illustrate the size, business type, and primary activity of respondents. Most respondents reported an annual turnover (2024) of less than VUV 1 million, operate as sole traders or private companies, and are primarily engaged in accommodation services or tour operations/activity provision.

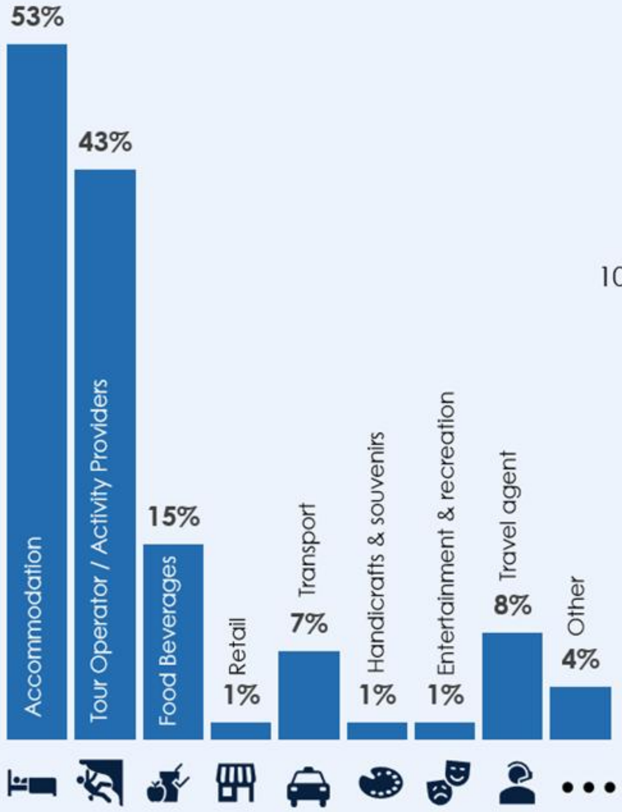
What is the total value of sales of goods and services (2024)?



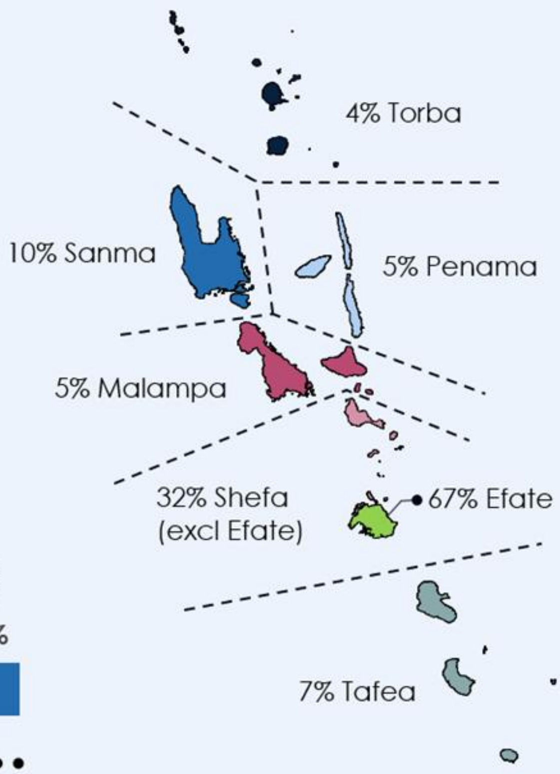
What is the legal status of your business?



Which of the following best describes your primary tourism activity?



Proportion of businesses operating in each Province



*After beng administered to 449 registered tourism businesses. The number of responses for each question varies, as participants could skip questions or exit the survey at any time.

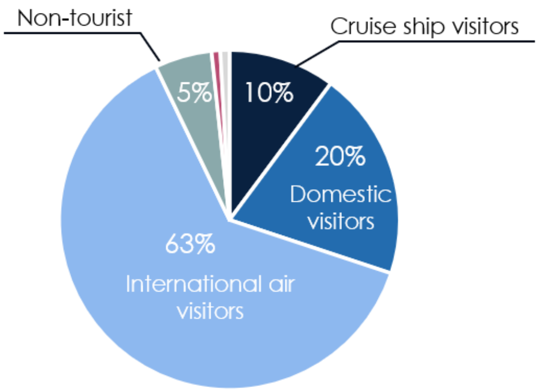
3.1 Revenue

What type of visitors do you sell your goods and services to?

The majority of revenue for Vanuatu businesses is generated by international air visitors (63%).

Domestic visitors contribute around 20%, while cruise ship visitors account for just 10%.

The remaining 7% comes from ***non-tourism-related*** sales, yacht visitors, or other visitor types.

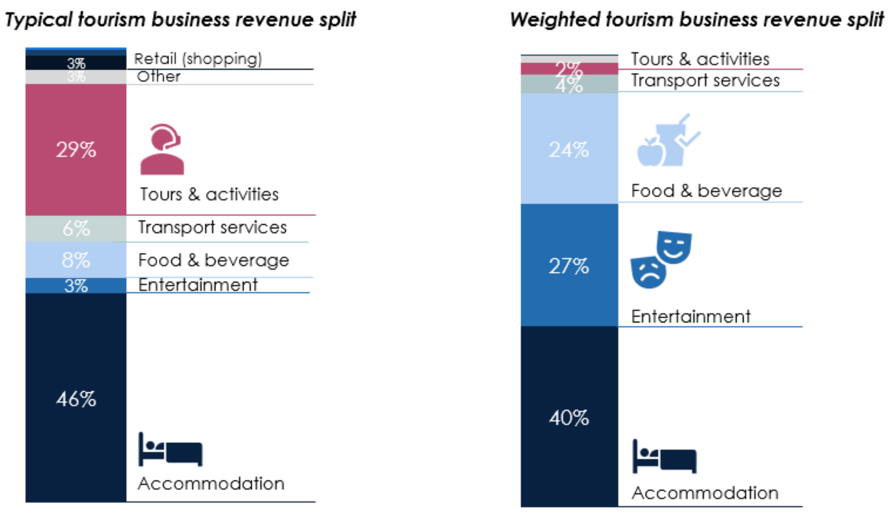


For your primary business activities, please estimate the percentage of revenue from the following.

Survey results show that most businesses earn the bulk of their income from accommodation services and tours and activities, with smaller amounts coming from food and beverage, transport, and entertainment (see Figure 2 on the left).

However, when we look at total revenue across all businesses (weighted by size), the picture changes. A few large tourism operators account for most of the revenue, and they earn it mainly from accommodation, entertainment, and food and beverage services. This suggests that while many businesses diversify their offerings, the biggest players dominate revenue through core hospitality and leisure services (see Figure 2 on the right).

Figure 2 Revenue split



Note: Souvenirs/Handicrafts and Duty-Free Sales together make up 2% of typical tourism business revenue. Retail (shopping), Souvenirs/Handicrafts and Duty-Free Sales make up <3% of weighted tourism business revenue.

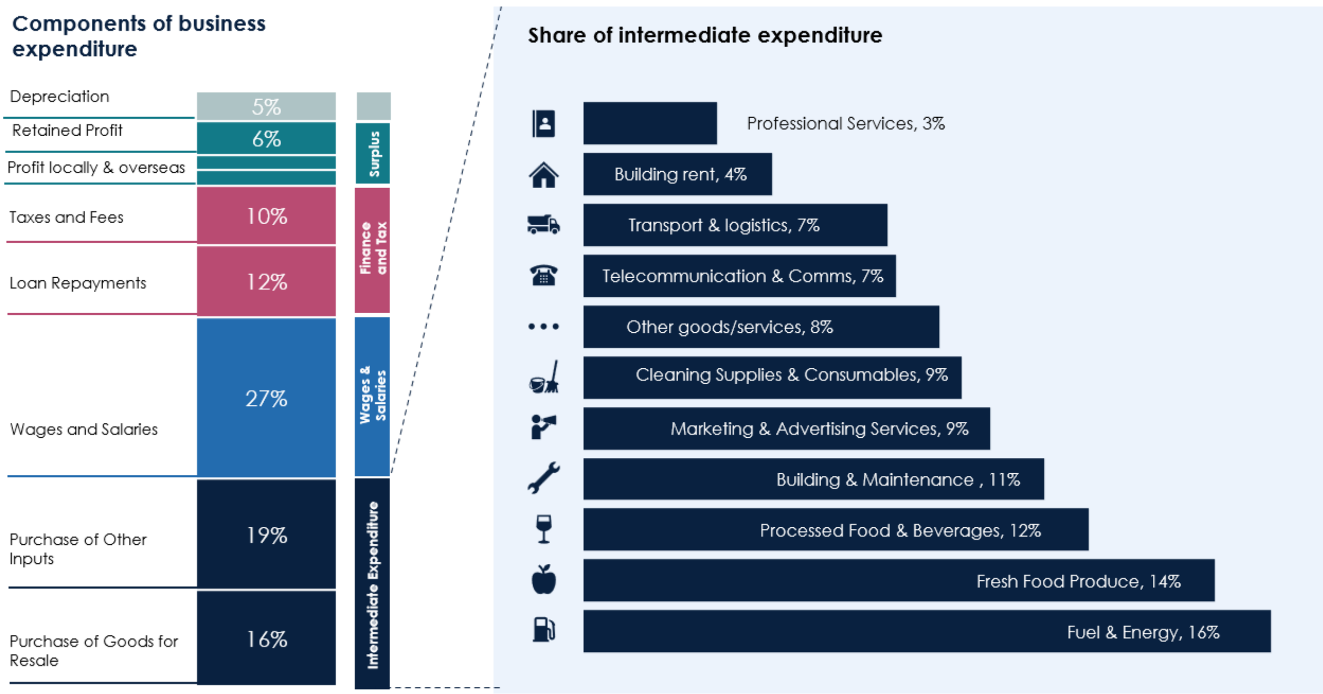
3.2 Expenditure

Survey results show that most tourism businesses spend the largest share of their money on purchasing goods for resale and other operating inputs (intermediate or operating expenditure). The second biggest cost for most businesses is wages and salaries.

When we weight these results by total expenditure (to reflect the impact of larger businesses), the picture shifts: profit margins become smaller, and depreciation takes up a bigger share. This is likely because larger businesses own more capital assets, which increases depreciation costs.

Looking closer at operating expenditure, most businesses spend heavily on fuel and energy, fresh and processed food, and building and maintenance. Other input categories, such as marketing, cleaning, telecommunications and transport, are relatively evenly distributed across businesses.

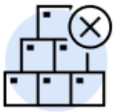
Figure 3 Business expenditure



3.3 Local sourcing

Respondents of the survey indicated that there are several challenges when sourcing inputs and materials locally. The main challenges include limited availability, inconsistent supply, and quality issues, compounded by higher costs and seasonal fluctuations. While businesses prefer local inputs, these challenges often force reliance on imported goods, especially for specialised or capital items.

Figure 4 Main challenge themes offered by survey respondents



1. Products are often not available locally, and supply volumes are insufficient.

"The availability of goods that we would like to buy is not in Santo so therefore we have to go overseas for many items for the resort, e.g. mattresses, sheets, restaurant goods etc"

2. Supply is unreliable and inconsistent, requiring substitutions.

"No consistency and required volumes, no supplies who does delivery to the resort"

"The consistency of available products is poor, so we always need to find a substitute and change our menus accordingly."

3. Quality does not always meet standards.

"occasionally quality is not at standard required"

"Quality sometimes is not good and supply is a challenge"

4. Local products and capital items are expensive compared to imports.

"Capital items impossible to get here at reasonable prices"

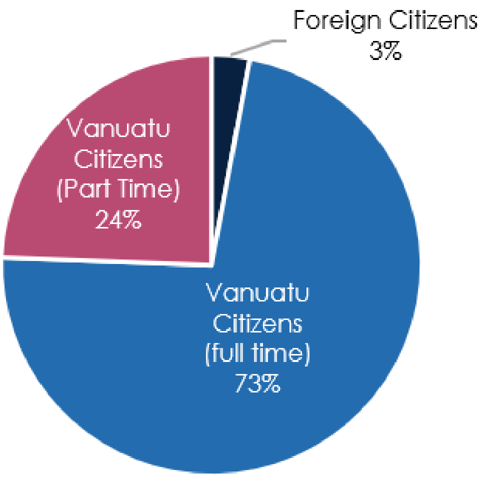
"local product can sometimes cost more due to small-scale production; lower prices for imported goods"

3.4 Employment

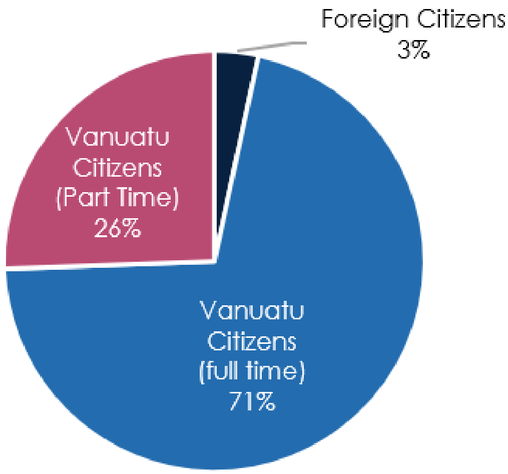
Respondents were asked to report the number of employees who are Vanuatu citizens versus foreign citizens, and for Vanuatu citizens, whether they were employed full-time or part-time. Results show that most employees are full-time Vanuatu citizens. Foreign citizens account for only 3% of total employment among respondents.

Table 6 Tourism employment

Total Number of Employees	Foreign Citizens	Vanuatu Citizens (Full time)	Vanuatu Citizens (Part time)
2024	12	253	91
2023	10	247	83



2023



2024

3.5 Skills gap

When asked if it was difficult to recruit Ni-Vanuatu workers with the required skills, responses were mixed: 35% said yes, 30% said sometimes, and 35% said no. However, open-ended feedback highlights recurring gaps in technical and soft skills that affect recruitment and retention.

What are the main skills gaps you observe?

1. Hospitality and culinary skill: Many businesses struggle to find trained chefs and kitchen staff.

"Chefs… Skill gaps are observed in the kitchen department (sous-chef, chef)."

"It is very hard to find skilled Chefs for the kitchen."

2. Customer service and communication: Strong interpersonal skills are often lacking.

"Communication and customer service skills; leadership and teamwork."

"Customer Service, work ethic, timeliness"

3. Technical and trade skills: Shortages in mechanical, maintenance, and specialist roles like diving instructors.

"engineers with experience in all areas"

"As a scuba diving operator in Vanuatu there is not any pre skills that Ni-van have."

4. Management and leadership: Gaps in supervisory, accounting, and leadership capabilities.

"management, accounting skills"

"Communication and customer service skills; safety and first aid training; leadership and teamwork"

The tourism sector faces a dual challenge: technical skill shortages in key roles (chefs, trades, diving professionals) and soft skill gaps in customer service and reliability. These issues are compounded by migration to seasonal work programs, limited training infrastructure, and high competition for talent, making workforce development and retention critical priorities for the industry.

What are main challenges for your business in finding, hiring, training and turnover of staff and management in Vanuatu?

1. Migration and turnover: Trained staff often leave for seasonal work abroad.

"losing trained staff to RSE… Turnover of staff because they go to the RSE scheme."

"Skilled labour is travelling overseas for employment"

"[finding people] prepared to stay and not go overseas to work"

2. Limited skilled workforce: Few candidates meet the technical requirements.

"Limited Skilled workforce… finding staff with adequate training."

"Shortage of good workmen Lack of transparency Not consistent"

"Finding staff with adequate training"

3. Training gaps and cost: Lack of professional training institutions and high cost of in-house training.

"Limited professional training institution… costly & time-consuming."

"We have found that if we recruit local staff for entry level positions and train them ourselves that most issues are avoided."

"The difficulty of finding a skilled person, that we spend time on training them and end up leaving to travel to Australia for seasonal work"

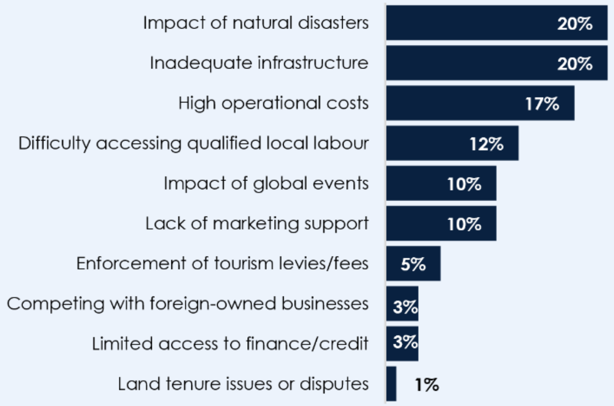
3.6 Challenges

Vanuatu's tourism businesses face several interconnected challenges. The most significant is the impact of natural disasters, which not only disrupt operations but also highlight the country's inadequate infrastructure. These issues are closely linked and, while they may reflect recent events, they remain critical factors that cannot be overlooked.

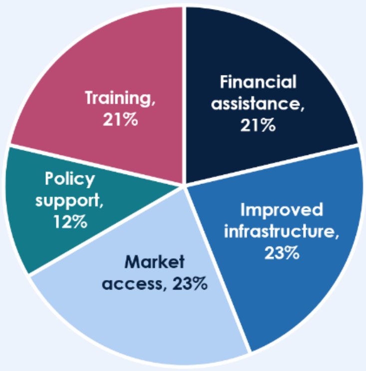
Other persistent challenges include high operational costs and difficulty accessing qualified local labour, both of which constrain growth and competitiveness.

When asked what would help businesses grow more sustainably, respondents identified a broad range of priorities. There was an almost even distribution across key areas: training and skills development, financial assistance, improved infrastructure, better market access, and stronger public support. This suggests that businesses see sustainable growth as requiring a holistic approach rather than a single solution.

What are the challenges faced by your business?



What kind of support would most help your business grow sustainably?

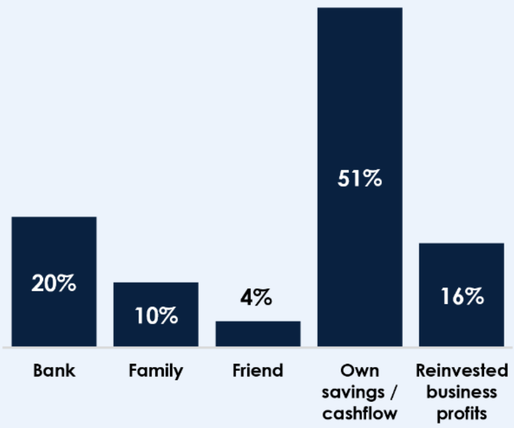


3.7 Financing

Over half of respondents reported struggling to secure funding to start a business. For most tourism operators, the biggest financial hurdle is limited savings and restricted access to household finances, which, notably, remains the primary source of capital for running or expanding their businesses. This reliance leaves them vulnerable to shocks and unable to reinvest for growth.

In addition, many businesses face challenges accessing grants or other financial support, often because they cannot provide the collateral or security required for loans. Other significant barriers include investor hesitation, stemming from perceived sector risks and unstable cash flow, which makes long-term planning difficult.

What are your main sources of finance for running or growing your business?



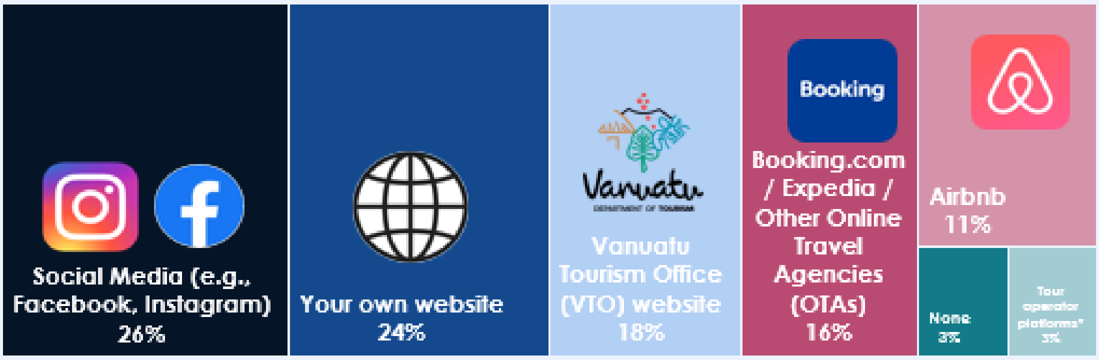
What were the challenges?

Challenge	% of responses
Insufficient savings / household funds	34%
Difficulty accessing grants / support	28%
No collateral for loan	21%
High interest rates / expensive financing	10%
Other	10%
Loan application rejected	3%
No bank account	3%

Marketing characteristics

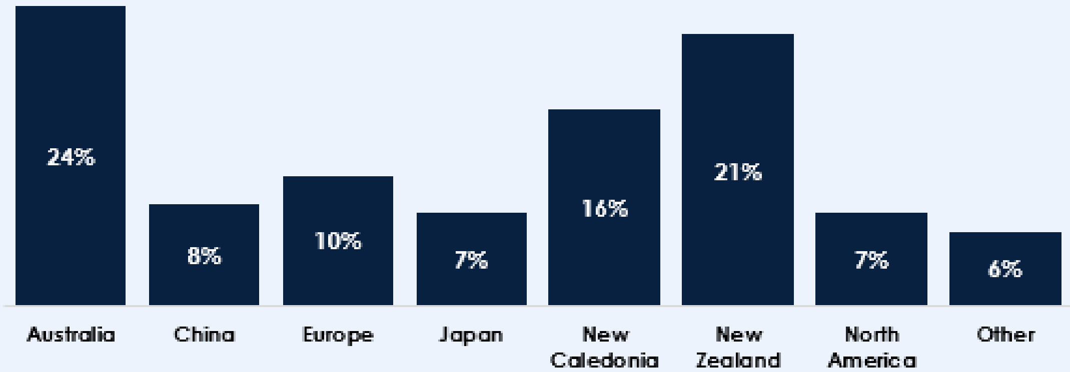
Vanuatu tourism businesses primarily rely on direct bookings and social media marketing, with limited engagement through travel agents or global OTAs. The visitor base is heavily concentrated in Australia and New Zealand, and the dominant market segment is relaxation, followed by eco-tourism and adventure. There is minimal penetration into high-value segments like luxury or MICE.

Does your business use major international online platforms for bookings or marketing?

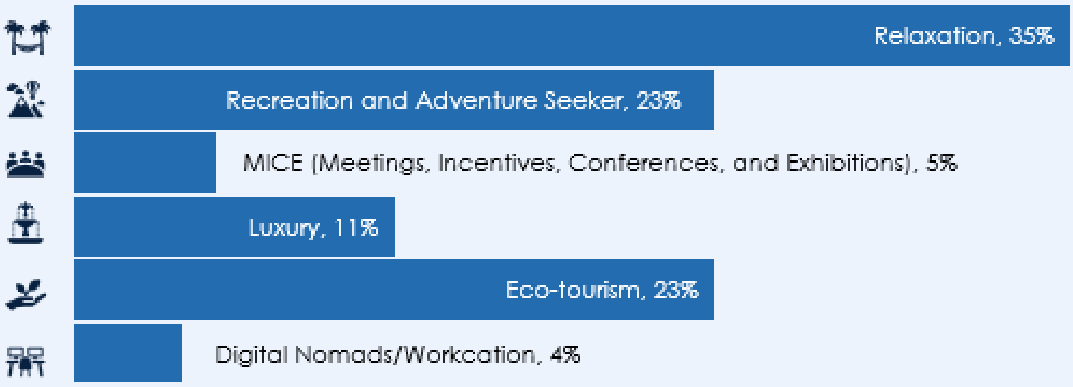


*e.g. Viator, GetYourGuide

Which geographical visitor markets do you primarily target?



Which market segments do you primarily target?



Chapter 4: Value chain analysis results

4. Value Chain Analysis Results

Key Takeaways

Air visitors dominate total spending - Although fewer in number, air visitors account for over 90 per cent of tourism expenditure, reflecting longer stays and higher daily spending.

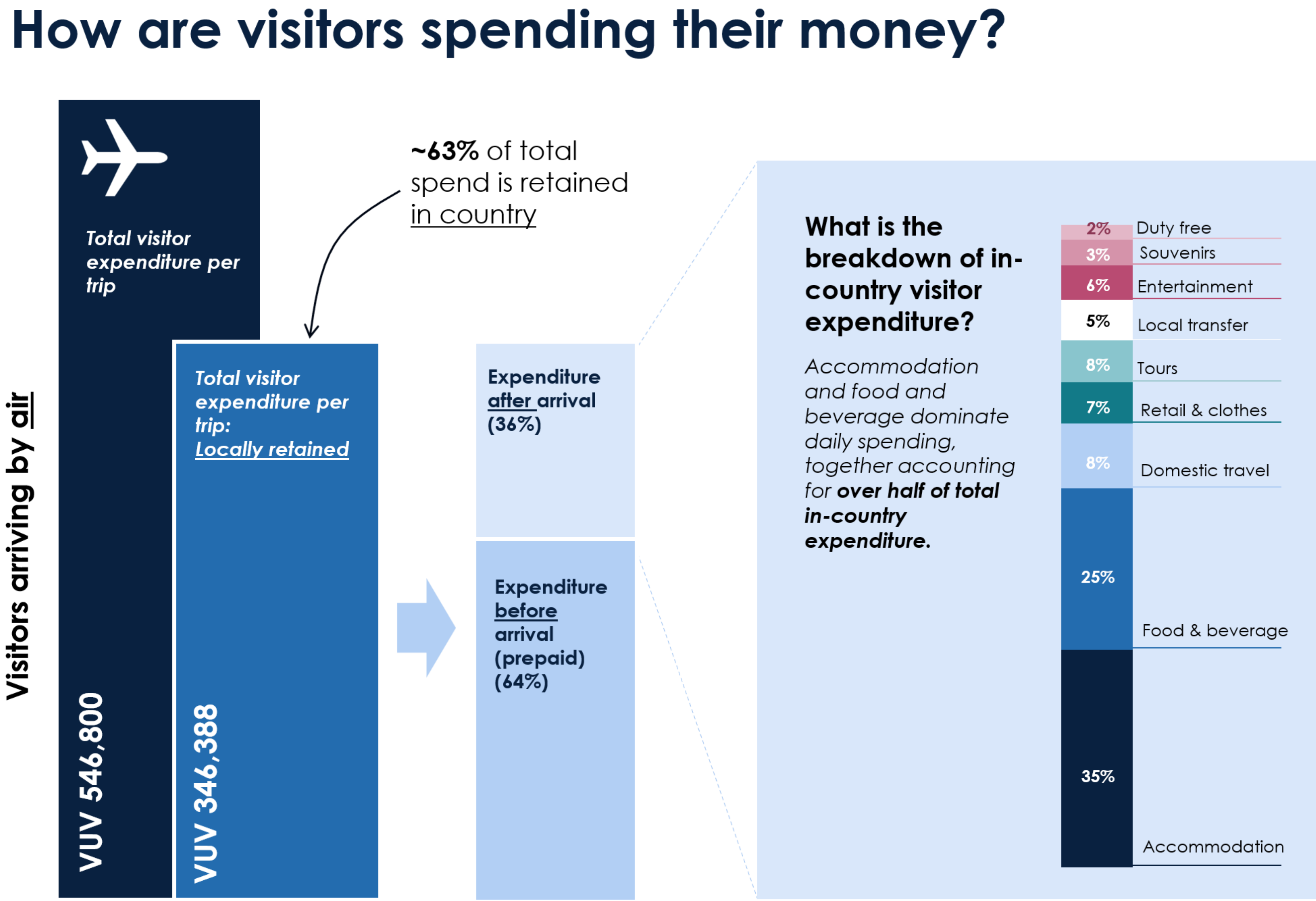
Strong local economic linkages - Around two-thirds of visitor spending is retained within Vanuatu, supporting local accommodation, food services, tours, and retail activity, and generating additional demand across domestic supply chains.

Businesses remain service and labour-intensive - Tourism businesses earn most revenue from accommodation and tours, with around 60 per cent of business output translating into domestic value added through wages, taxes, and locally retained profits.

Tourism supply chain drives wider impacts - Tourism businesses spend heavily on transport, fuel, food, and construction inputs, creating strong spillovers into local agriculture, logistics, and utilities while still relying on some imported goods and services.

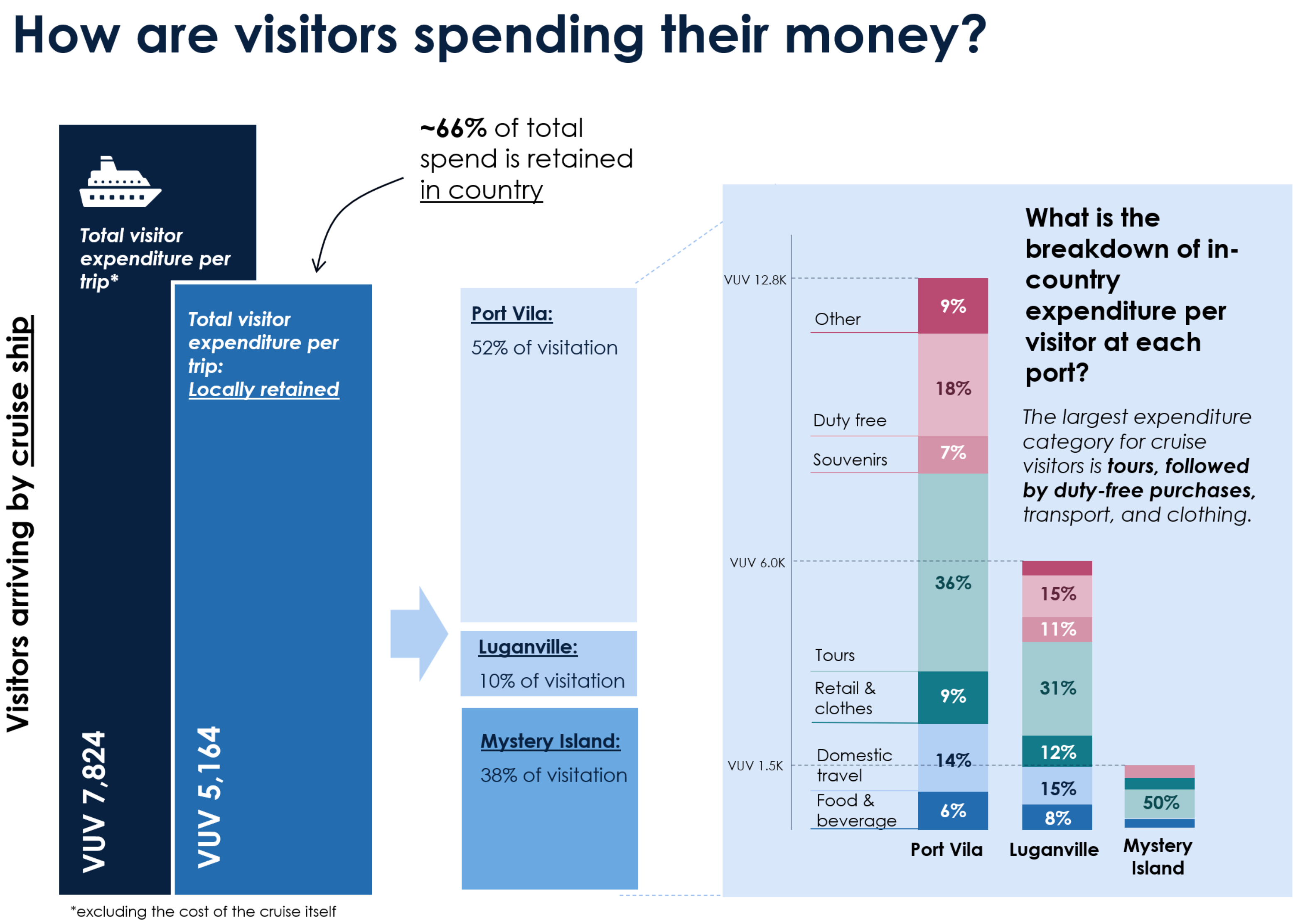
This section outlines the scale and composition of tourism activity in Vanuatu, drawing on recent visitor statistics, expenditure data, and findings from the Vanuatu Tourism Value Chain Survey. It describes how international air and cruise visitors contribute to national income through spending before and after arrival, how this spending circulates through local businesses and supply chains, and how it supports employment and livelihoods across the economy. Together, the analysis provides a detailed picture of tourism's economic footprint and its importance to Vanuatu's recovery and long-term resilience.

Figure 5 Expenditure for visitors arriving by air



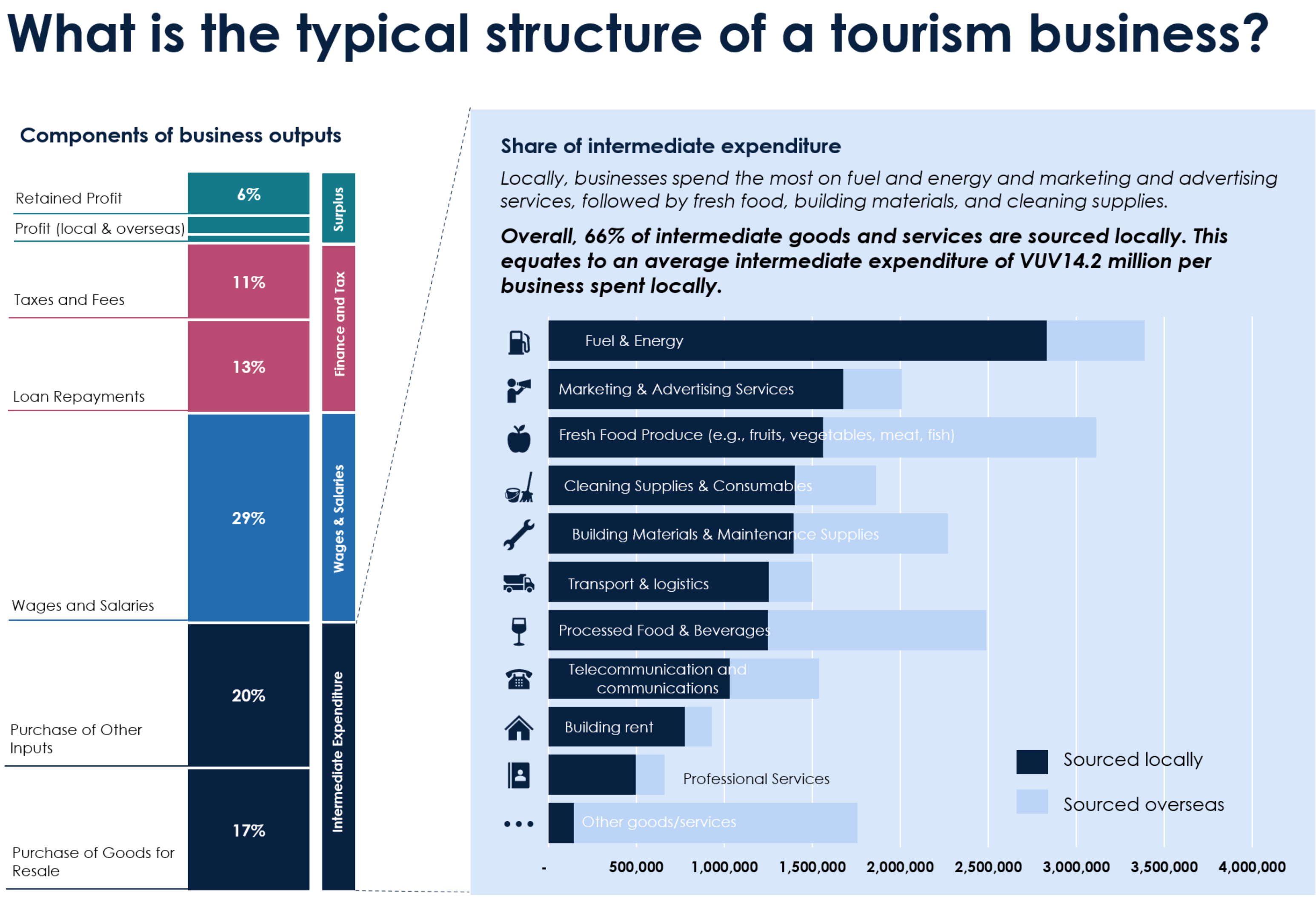
Note: expenditure for air visitors includes prepaid expenditure before arrival and expenditure after arrival (in-country)

Figure 6 Expenditure for visitors arriving by cruise ship



Note: expenditure for cruise ship visitors excludes prepaid expenditure before arrival (i.e. only considers expenditure after arrival (in-country)

Figure 7 Tourism business structure



These results reflect the spending patterns of tourism operators, who typically purchase inputs from local suppliers. However, many of those local suppliers may themselves import a significant share of what they sell (e.g. fuel). As a result, survey data can under-represent the true extent of overseas sourcing in earlier parts of the supply chain. This is a limitation of surveying businesses that sit further downstream in the tourism value chain.

4.1 Visitors to Vanuatu

Visitor arrivals to Vanuatu have fluctuated significantly across 2023 and 2024, shaped by both recovery and disruption. The post-pandemic rebound in 2023 saw strong growth from near-zero levels during border closures. However, the liquidation of Air Vanuatu in May 2024 and the December 2024 earthquake, which damaged key wharf infrastructure in Port Vila, constrained both air and cruise visitation later in the year. These shocks make it difficult to establish what a "normal" visitor profile for Vanuatu currently looks like. Nevertheless, reviewing 2023 and 2024 together provides insight into the structure and composition of visitor demand.

Total visitor arrivals declined from 341,605 in 2023 to 264,295 in 2024, a fall of around 23 per cent. The largest drop occurred among air arrivals (-23%) and cruise visitors (-22%), reflecting both airline disruption and limited cruise berthing capacity following the earthquake at an important holiday time.

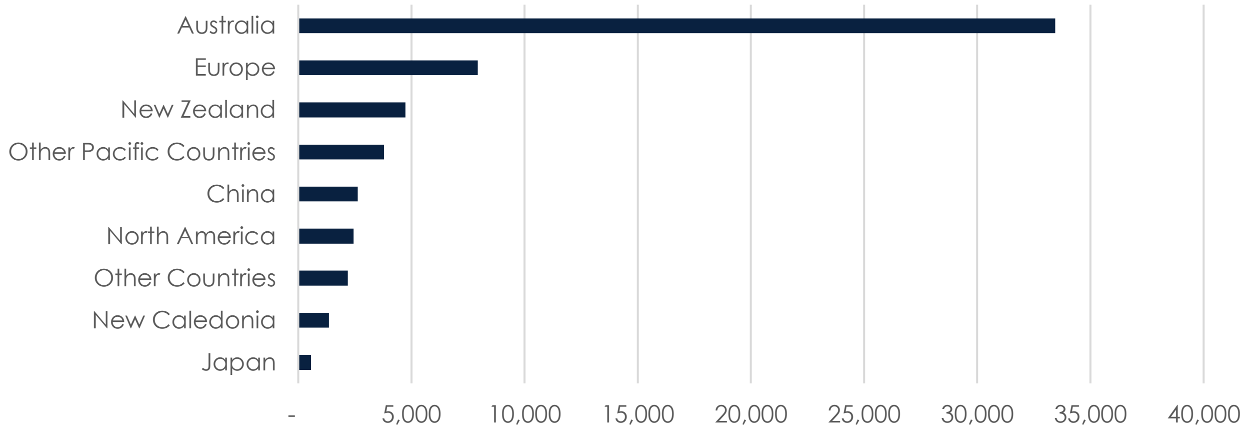
Figure 8 Visitors - method of arrival

Item	2023	2024	2025 (September YTD) *
Air	76,999	59,078	69,366
Cruise ship	263,578	204,798	116,830
Yacht	1,028	419	919
Total	**341,605**	**264,295**	**187,115**

Source: VBOS International Arrival Statistics, Table 1
*Note that the assessment in this study only considers 2023 and 2024

Australia remains Vanuatu's dominant source market, accounting for roughly half of all visitors, followed by New Zealand and New Caledonia. This regional concentration indicates Vanuatu's reliance on short-haul leisure markets connected by a limited number of direct routes. Arrivals from Asia and North America remain small but represent potential diversification opportunities as connectivity improves.

Figure 9 Visitor arrivals in 2024 - country of usual origin



Source: VBOS International Arrival Statistics, Table 3

Average intended length of stay decreased slightly from 11.2 nights in 2023 to 9.9 nights in 2024, with reductions in both Port Vila and Luganville. The shorter stays partly reflect compressed travel itineraries and reduced flight availability following the Air Vanuatu suspension, resulting in a fall in the share of air visitors in the overall tourist market in 2024.

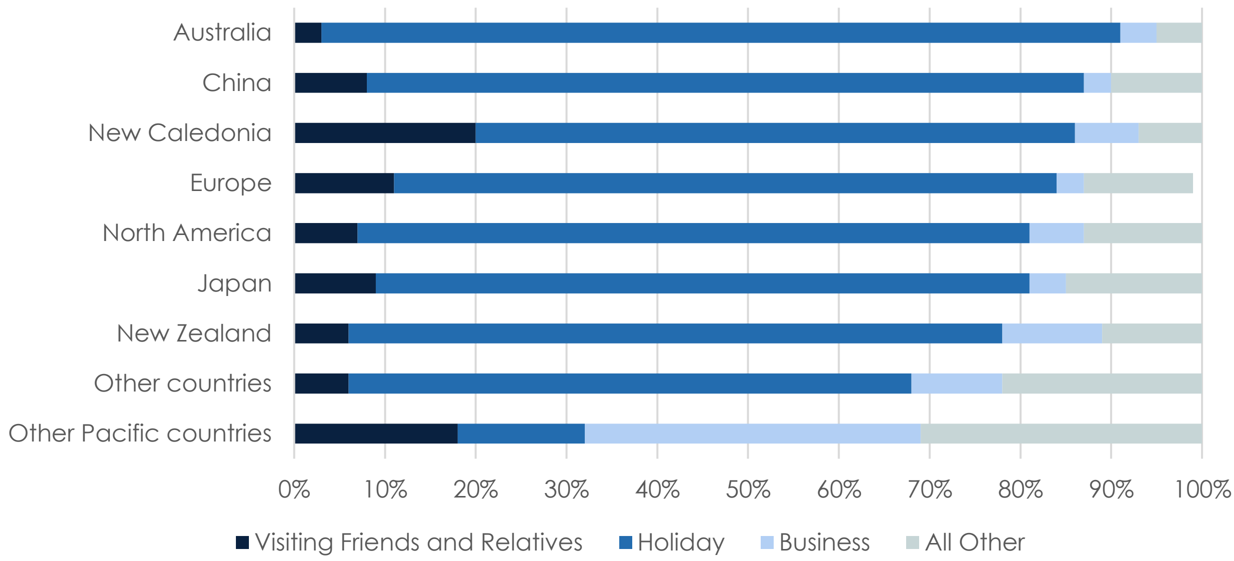
Figure 10 Visitors – intended length of stay

Item	2023	2024
Port Vila	10.1	9.8
Luganville	13.2	12.5
Vanuatu	**11.2**	**9.9**

Source: VBOS International Arrival Statistics, Table 5

Holiday travel continues to dominate arrivals, representing around three-quarters of total visitors. Visiting friends and relatives (VFR) and business travel each account for roughly 10 per cent, while “all other” purposes remain minor. The prominence of holiday travel highlights the sector’s sensitivity to airline capacity and destination marketing, whereas VFR and business segments provide a more stable, though smaller, base of visitors.

Figure 11 Visitors in 2024 – purpose of visit



Source: VBOS International Arrival Statistics, Table 5

4.2 Visitor spending in Vanuatu

Visitor spending represents the most direct flow of tourism-related income into the Vanuatu economy. It includes both spending that occurs before arrival (for example, pre-paid accommodation and domestic transfers) and in-country expenditure once visitors arrive.

4.2.1 Visitors arriving by air

Air visitor spending comprises two distinct components - prepaid purchases made before arrival and spending undertaken in-country.

Prepaid expenditure before arrival

Prepaid expenditure typically covers flights, accommodation, and pre-booked activities. In 2024, average prepaid expenditure per air visitor was estimated at VUV 414,284, up from VUV 384,431 in 2023.

IVS in 2024 estimate that around 63 per cent of this expenditure is estimated to flow into the Vanuatu economy, equating to VUV 258,928 per visitor.[5] The remainder is captured offshore by foreign airlines, booking platforms, and overseas operators. It may be challenging to capture more of this pre-arrival spend locally due to the nature of many travellers' preference to book with large international platforms and having flexibility over which airlines they book with. Potentially,

[5] IVS Annual Report – 2024 applies a value of 62.5% for retention of prepaid expenditure within Vanuatu and has been adopted as part of this analysis

partnerships between local operators/providers with travel agencies would help being able to capture more of the pre-arrival booking market.

As shown in Figure 13, however, there are opportunities for more of the pre-arrival spend on domestic transport, meals and activities to be captured by locally owned transport, hospitality and tour operators to retain value within Vanuatu.

Figure 12 Air visitors – prepaid expenditure per visitor per trip

Item	2023	2024
Prepaid expenditure	VUV 384,431	VUV 414,284
Percentage remaining in Vanuatu	62.5%	62.5%
Prepaid expenditure remaining in Vanuatu	**VUV 229,151**	**VUV 258,928**

Source: IVS Annual Report - 2024

Figure 13 Air visitors – proportion of visitors spending on different prepaid items before arrival

Item	Proportion of visitors
International flights	55%
Accommodation	52%
Domestic transport	29%
Meals	28%
Activities	14%

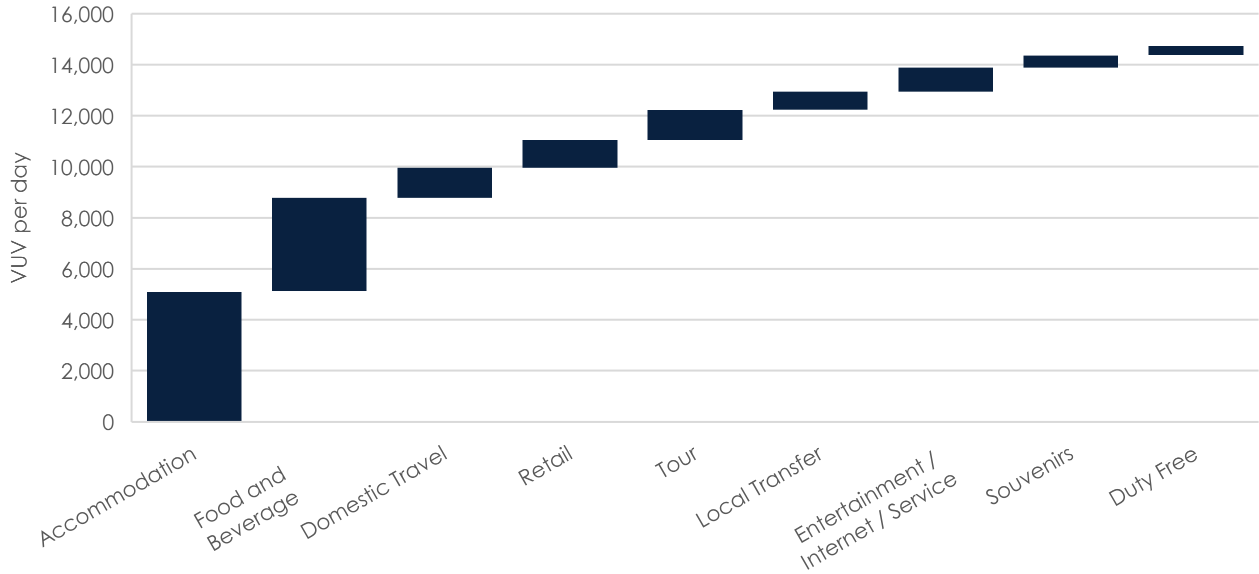
Source: IVS Annual Report – 2024. Proportions do not add to 100% due to visitors spending on multiple items.

In-country spend after arrival

Once in Vanuatu, air visitors spent an average of **VUV 14,724 per day in 2024**, down from **VUV 24,349 in 2023**. This decline reflects shorter stays and lower discretionary spending in a year disrupted by reduced air capacity and local service interruptions.

As shown in Figure 14, accommodation and food and beverage dominate daily spending, together accounting for over half of total in-country expenditure. Other significant categories include retail purchases, tours, and local transfers, each representing smaller but valuable sources of income for smaller scale enterprises. This spending pattern highlights the strong role of the tourism sector in supporting local hospitality, retail, and transport businesses.

Figure 14 Breakdown of in-country visitor expenditure per day



Source: IVS Annual Report – 2024

4.2.2 Visitors arriving by cruise ship

Cruise ship visitors differ from air arrivals in both behaviour and economic impact. Their visits are short, typically single-day excursions, and their expenditure is limited to onshore purchases during port calls. While individual spending is much lower than that of air visitors, cruise tourism still represents a meaningful injection of cash into local communities, especially through market stalls, tour operators, and transport providers.

Using updated estimates from earlier studies escalated to 2024 prices, average cruise passenger expenditure is around **VUV 12,817 per visitor in Port Vila, VUV 6,009 in Luganville** and **VUV 1,468 on Mystery Island** (See Table 7). The difference reflects the larger scale of tours, retail outlets, and duty-free shopping available in the capital.

Table 7 Cruise ship visitors – expenditure per visitor

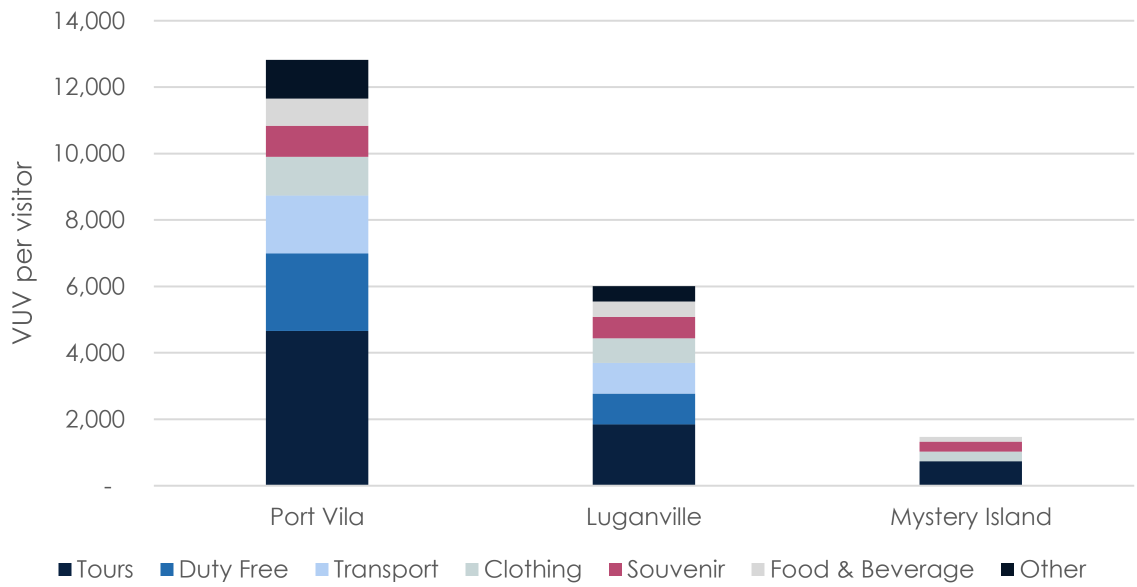
Item	2013	2024*
Expenditure per visitor		
Port Vila	VUV 7,611	VUV 12,817
Luganville	VUV 3,568	VUV 6,009
Mystery Island	VUV 872	VUV 1,468
Share of visitation		
Port Vila	N/A	52%

Luganville	N/A	10%
Mystery Island	N/A	38%

*Escalated to 2024 value using Vanuatu VBOS CPI CAGR 2013 - 2024
Source: MTTC 2020 Vanuatu Trade Policy Framework Update and International Finance Corporation, World Bank, and Assessment of the Economic Impact of Cruise Ships to Vanuatu, August 2014, Net Balance Management Group.
Although somewhat dated, the Economic Impact of Cruise Ships to Vanuatu contains the best expenditure per visitor data by Port and is therefore adopted as part of this analysis.

As shown in Figure 15, the largest expenditure category for cruise visitors is tours, followed by duty-free purchases, transport, and souvenirs. Although the per-visitor spend is modest, the high passenger volumes mean that cruise tourism remains an important, though lower-value, component of Vanuatu's visitor economy.

Figure 15 Breakdown of cruise ship visitor expenditure



Source: Assessment of the Economic Impact of Cruise Ships to Vanuatu, August 2014

4.2.3 Total visitor expenditure

Applying the average length of stay to daily in-country spending provides an estimate of total in-country spend per visitor. This is then combined with the portion of prepaid expenditure that remains in Vanuatu to give the total visitor spend retained domestically.

In total, combining both air and cruise visitor segments, **tourism-related visitor expenditure in Vanuatu reached approximately VUV 31.0 billion in 2023 and VUV 21.5 billion in 2024 (real 2024 VUV).** Despite the downturn, these figures illustrate the sector's ongoing significance as one of Vanuatu's largest sources of export income and a critical driver of local business activity.

Figure 16 Visitor expenditure, in real 2024 VUV

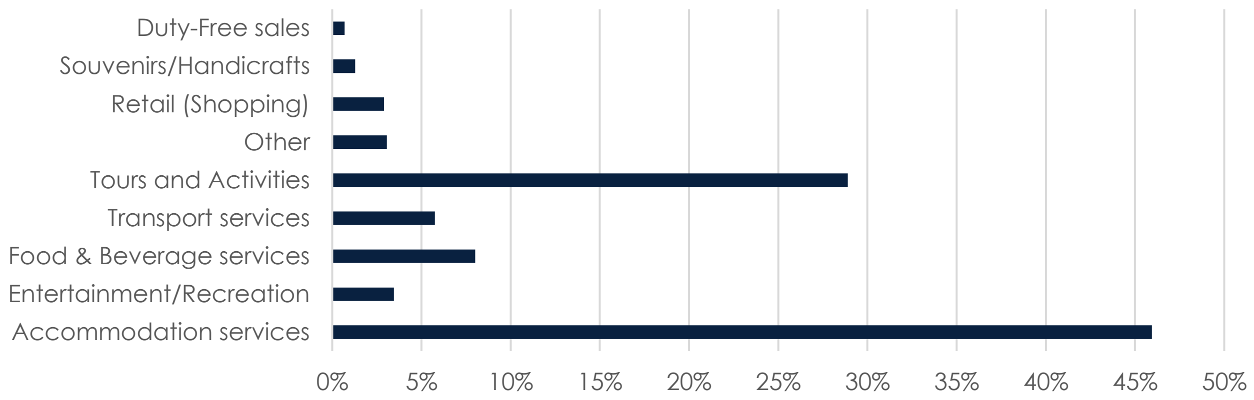
	2023	2024
Air visitors		
No. of visitors	76,999	59,078
Pre-paid spend per visitor	384,431	414,284
Visitor spend per day in Vanuatu	24,349	14,724
Visitor nights in Vanuatu*	9	9
Total visitor spend per trip	603,570	546,800
Total visitor spend per trip - locally retained**	384,901	346,388
Total air visitor expenditure	**29,636,986,287**	**20,463,913,809**
Cruise ship visitors		
No. of visitors	263,578	204,798
Visitor spend per trip	7,824	7,824
Total visitor spend per trip - locally retained**	5,164	5,164
Total cruise ship visitor expenditure	**1,361,038,875**	**1,057,516,331**
Total visitor expenditure		
Air visitors + Cruise ship visitors	**30,998,025,162**	**21,521,430,140**

*9 nights is at the lower end of estimates from the intended stay of visitor data captured in VBOS International Arrival Statistics, Table 5. It is therefore a conservative input into estimating total visitor spend per trip.
**Local retention is taken to be 62.5% for prepaid expenditure, as outlined in IVS Annual Report – 2024. Local retention is 66% for in-country spend, which is informed by estimated leakage of business respondents in the Vanuatu Tourism Value Chain Survey.
Source: VBOS International Arrival Statistics Vanuatu International Visitor Survey Report, January – December 2024. Assessment of the Economic Impact of Cruise Ships to Vanuatu, August 2014, Net Balance Management Group. Economic Impact of Yachting in Vanuatu, Market Development Facility, WTTC 2023. Travel & Tourism Economic Impact 2023 – Vanuatu, World Travel and Tourism Council, and Polis Partners analysis.

4.3 Tourism business earnings

As shown in Figure 17, accommodation services and tours and activities account for the largest share of industry revenue, together representing three-quarters of total tourism earnings. Other significant sources include food and beverage services, transport, and entertainment or recreation, while souvenir sales and duty-free retail play smaller but locally important roles. This profile reflects the sector's reliance on visitor-facing experiences and services rather than goods production.

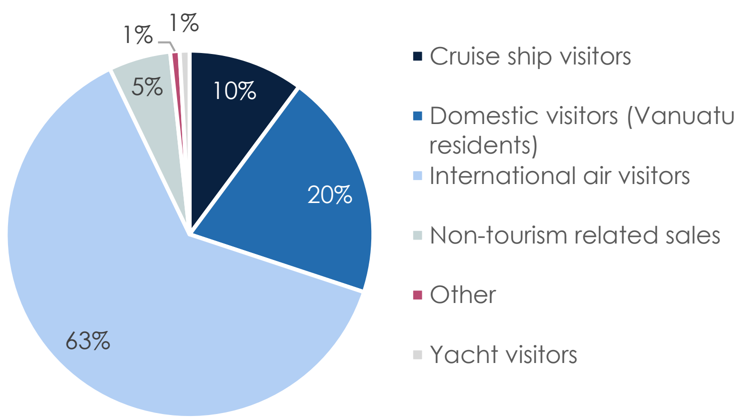
Figure 17 How tourism businesses generate their revenue in Vanuatu



Source: Vanuatu Tourism Value Chain Survey

The Vanuatu Tourism Value Chain Survey also highlights the composition of business income by visitor type (see Figure 18). Around two-thirds of total revenue is derived from international air visitors, consistent with their higher per-visitor spend and longer stays. Cruise ship visitors contribute a smaller but still meaningful share, particularly for operators in Port Vila. The remaining proportion comes from domestic tourism and non-tourism sales, which provide some revenue stability during periods of reduced international travel.[6]

Figure 18 Tourism business revenue by visitor type



Source: Vanuatu Tourism Value Chain Survey

[6] The economic contribution analysis in the following chapter will focus on international air and cruise ship visitors, acknowledging that domestic tourism is still an important component of the overall industry.

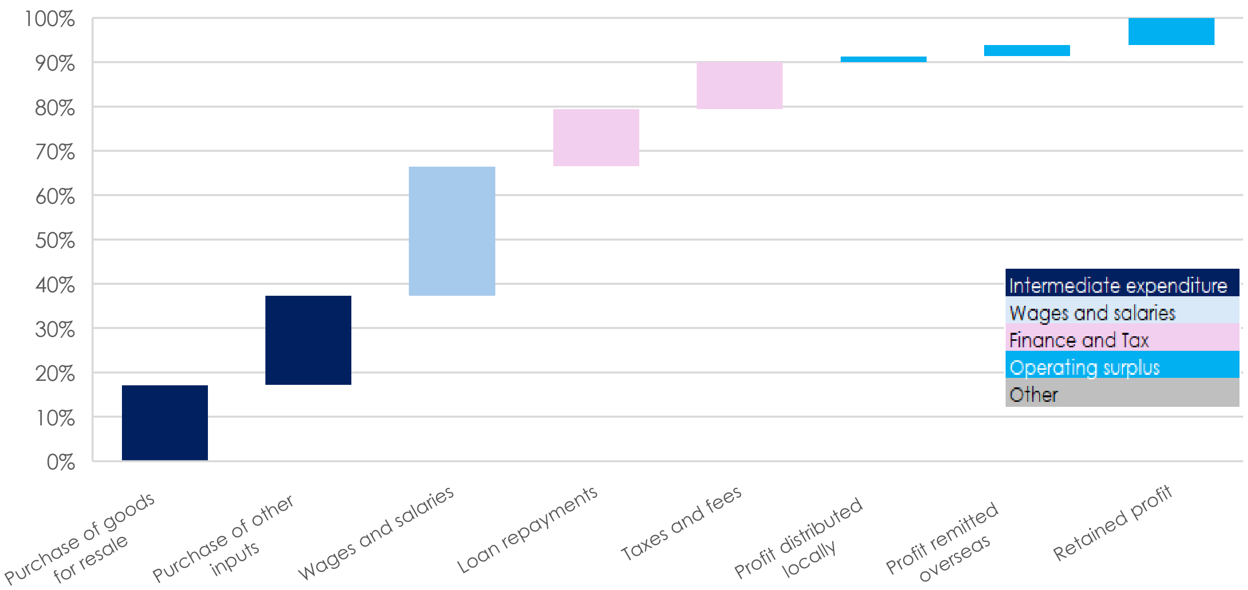
4.4 Components of tourism business output

The composition of output for an average tourism business, informed by the Vanuatu Tourism Value Chain Survey, is shown in Figure 19. It indicates that:

- roughly 35 – 40 per cent of output comprises intermediate supply-chain expenditure on goods and services purchased from other sectors
- around 30 per cent represents wages and salaries paid to employees
- approximately 25 per cent covers financing costs, taxes, and fees, including VAT and business licence payments
- of the remaining 10 per cent in operating surplus, an estimated 7 per cent is either retained or distributed locally, while the rest is remitted overseas.

This structure illustrates how tourism activity generates widespread economic effects across the domestic economy, not only through direct employment and tax revenue, but also via linkages with local suppliers and financial services.

Figure 19 A typical Vanuatu tourism business's output composition*



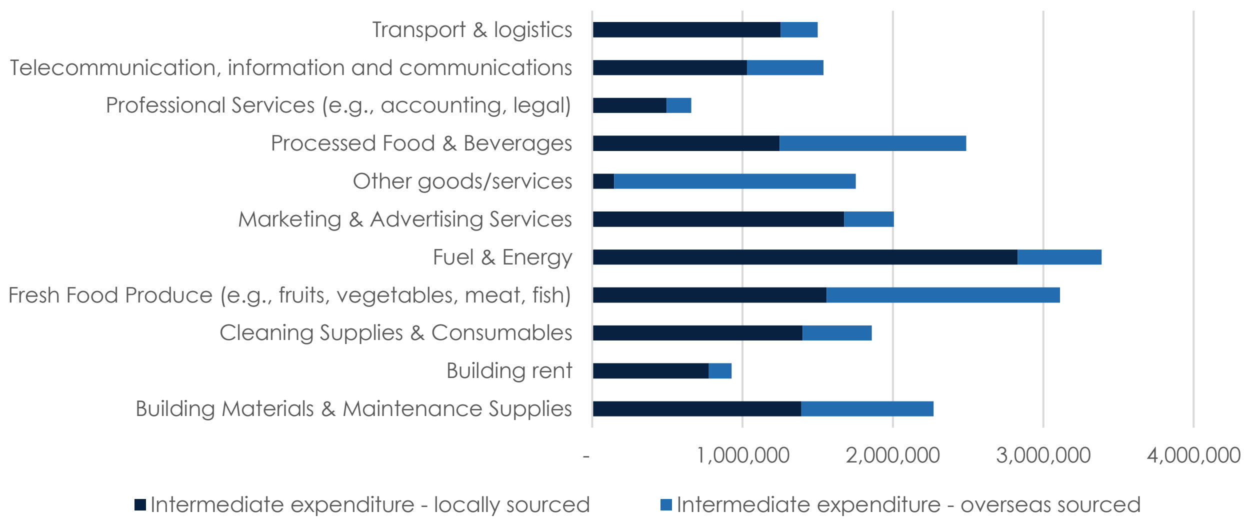
Source: Vanuatu Tourism Value Chain Survey
*Note that this business output composition is reflective of a 'typical' tourism business in Vanuatu (i.e. it treats each survey respondent with the same weighting, regardless of business size). This also helps to temper the distortionary effect of the large outlier businesses on the results.

4.5 Intermediate supply chain expenditure

The intermediate expenditure component identified above represents the main channel through which tourism supports other industries in Vanuatu. Average operating expenditure per business (excluding wages) was **VUV 24.8 million in 2023, declining to VUV 21.5 million in 2024**, consistent with reduced visitor volumes.

Figure 20 shows how this expenditure is distributed across key supply-chain categories. The largest outlays are on fuel and energy, fresh food produce and processed food and beverages, followed by building materials, marketing and advertising and cleaning supplies and consumables. Although a significant share of intermediate goods will still need to be sourced from overseas, there is opportunity to strengthen local supply-chain participation, particularly in fresh food, consumables, and creative products. Supporting these linkages would increase the proportion of visitor spending retained within Vanuatu and enhance the sector's overall economic resilience.

Figure 20 Intermediate expenditure in the tourist business supply chain in 2024*



Source: Vanuatu Tourism Value Chain Survey

*Note that locally sourced shares represent what is spent by tourism businesses on their inputs. Many tourism operators are going to source inputs like fuel & energy locally after it has already been imported earlier in the supply chain. Surveying a fuel and energy business directly would show a much larger overseas sourced component. This highlights an important limitation of survey data when the businesses surveyed are largely those further downstream in the tourism value chain.
In addition, there were a limited number of viable responses for question 27 of the survey which asked respondents for their estimated share of local vs overseas inputs. The analysis therefore presents a best indicative estimate of the locally sourced proportions, given the information provided.

4.6 Employment in the tourism value chain

Tourism is one of the largest employers in Vanuatu's services economy, providing accessible and diverse employment opportunities across accommodation, food services, transport, retail, and tour operations. According to the Vanuatu Tourism Value Chain Survey, an average tourism business in 2024 employed eight local full-time equivalent (FTE) workers and three part-time workers. On average, four workers are expatriate or foreign staff (noting that expatriate foreign staff is skewed by one survey respondent who represented the overwhelming majority of expats as part of its staff).

Respondents also indicated that 13% of its workforce are considered informal (e.g., street vendors, casual guides, home stay providers not formally registered).

Table 8 Average tourism employment per business in 2024

Business size	Local – Full time	Local – Part time	Expatriate
Less than VUV 1M	2	3	-
VUV 1M - 5M	2	5	-
VUV 5M - 20M	2	8	-
VUV 20M - 100M	13	-	2
> VUV 100M	8	3	4
Not stated	5	1	-
Overall average	**8**	**3**	**4**

Source: Vanuatu Tourism Value Chain Survey

While most positions are filled by local staff, expatriates continue to play a limited but important role in specialised management, technical, and training functions, particularly within larger accommodation providers and international resorts.

Employment contribution and structure

A majority of employment in the tourism value chain is concentrated in hospitality and service-oriented roles. These include food and beverage staff, room attendants, cooks, front office staff, tour operators, and guides. The predominance of these customer-facing positions demonstrates the labour-intensive nature of tourism and its importance as a source of income for lower and semi-skilled workers.

At the same time, tourism supports a range of indirect occupations across transport, utilities, retail, and supply industries that provide goods and services to tourism businesses. The overall employment multiplier for the sector is therefore high, extending well beyond the formal tourism workforce.

Wages and local livelihoods

Average wage levels in the tourism sector are modest but represent a key source of stable income for many urban and peri-urban households, particularly around Port Vila and Luganville. The relatively high ratio of part-time to full-time roles also reflects the sector's flexibility and capacity to provide seasonal or supplementary employment. While expatriate wages tend to be higher, their overall contribution to total payroll costs remains small given their limited numbers.

Training and qualifications

Local staff often gain employment through on-the-job learning rather than formal qualifications (63% of survey respondents indicated they provide internal training for staff). In terms of external accreditation, training pathways are more modest, with 40% of survey respondents indicating their staff participated in external tourism training.

Around two-third of survey respondents indicated that they find it difficult to recruit Ni-Vanuatu workers with the required skills. Skill gaps are concentrated in frontline service delivery, operational trades and supervisory capability. Respondents most frequently cited deficits in communication and customer service, food handling, housekeeping, and kitchen skills, including trained chefs and general hospitality operations. Several also pointed to gaps in more specialised functions such as scuba diving instruction, mechanical trades, and gardening and maintenance. A consistent theme is limited access to structured, role-specific training, including first aid, safety and accredited certifications, which constrains workforce readiness across tourism businesses.

Management and leadership capability emerged as a secondary but recurring gap. Respondents noted weaknesses in supervision, accounting and basic management, as well as broader issues around reliability, commitment and workplace attitudes. There were also comments on low baseline skills among some job seekers, requiring businesses to provide foundational training themselves. Together, the responses indicate a need for targeted, practical training in core hospitality operations, complemented by programs that build middle management capability and support better work readiness and professionalism across the sector.

National programs under the Vanuatu Skills Partnership and tourism training do support training and development in some areas, however, given the skills shortages that persist, expanding accredited training and professional development opportunities would strengthen local capability and reduce reliance on foreign expertise, while improving service standards and productivity across the tourism industry.

Chapter 5: Economic contribution

5. Economic Contribution

Key Takeaways

Tourism's central role in Vanuatu's economy - Tourism is a major driver of national income and employment, generating economic activity through both direct visitor spending and wider flow-on effects across supporting industries.

Direct contribution dominated by air visitors – As highlighted in Section 4, Air visitor expenditure accounts for the vast majority of tourism revenue due to longer stays and higher daily spending, with total direct visitor expenditure falling from VUV 31.0 billion in 2023 to VUV 21.5 billion in 2024.

Substantial domestic value creation - Around 42 per cent of tourism output translates into domestic value added—wages, local business earnings, and VAT contributions—amounting to VUV 12.9 billion (2023) and VUV 8.9 billion (2024).

Strong indirect and induced effects - Tourism generates significant second-order impacts through supply chain purchases and household consumption, with multipliers indicating that every VUV 1 of direct spending produces roughly VUV 2.8 of additional economic activity. Therefore, direct and indirect tourism activity supports 1 in every 4 dollars in the VUV economy.

High employment contribution despite 2024 downturn - The sector supported around 24,500 FTE jobs in 2023 and 17,000 in 2024. This represented roughly 29 per cent of total employment in Vanuatu in 2023, concentrated in service-based, locally staffed roles such as accommodation, food services, and retail.

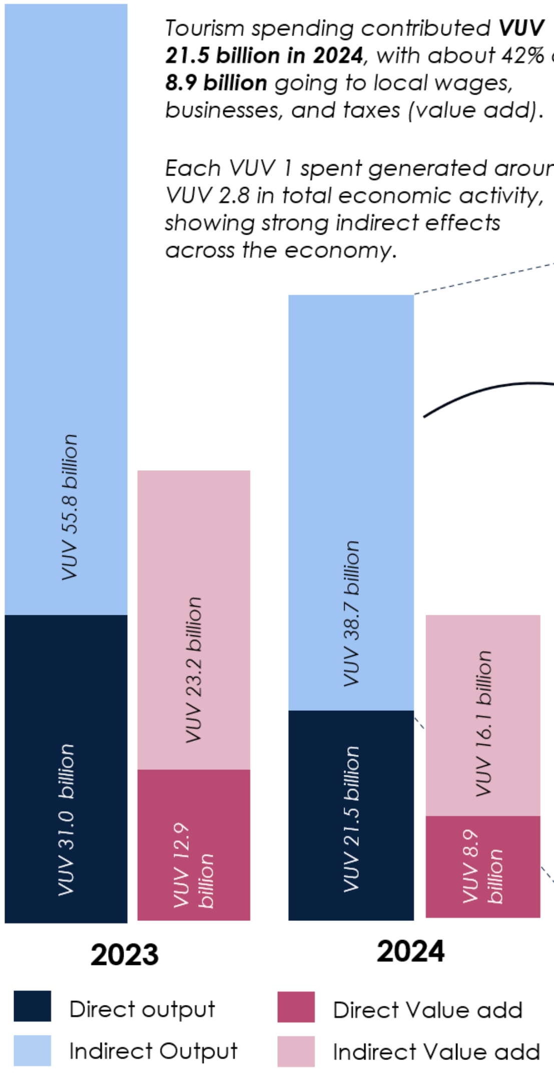
This section estimates the economic contribution of the tourism industry to the Vanuatu economy. The analysis quantifies how spending by international visitors, both air and cruise passengers, translates into national income and employment. The direct contribution reflects the output and value added generated through tourism-facing activities such as accommodation, food services, retail, tours, and local transport, as outlined in Section 4.2. The indirect contribution captures the broader economic linkages created when these businesses purchase goods and services from local suppliers, including agriculture, utilities, construction, and transport.

The analysis also includes induced effects arising from increased household expenditure by employees whose incomes depend, directly or indirectly, on tourism. Together, these channels demonstrate the total value of tourism to the domestic economy and provide insight into its role in supporting livelihoods, local production, and government revenue through taxation.

How does tourism contribute to the economy?

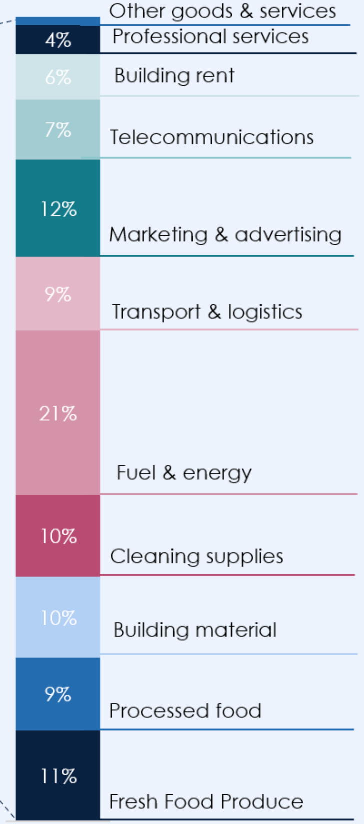
*Tourism spending contributed **VUV 21.5 billion in 2024**, with about 42% or **8.9 billion** going to local wages, businesses, and taxes (value add).*

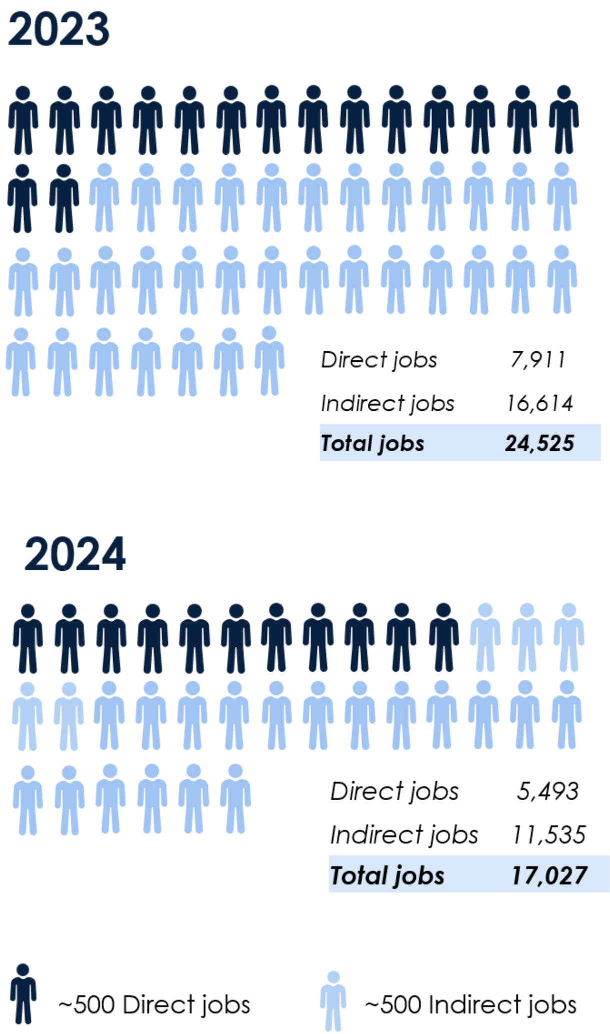
Each VUV 1 spent generated around VUV 2.8 in total economic activity, showing strong indirect effects across the economy.



Share of indirect effects

Indirect effects are shared across industries with the majority going towards fuel & energy, transport & logistics and building materials





5.1 Direct Economic Contribution

5.1.1 Economic output

The direct economic output contribution (or revenue generated) of tourism to the Vanuatu economy is taken as the sum of air and cruise ship visitor expenditure identified in Section 4.2.3 that is sourced in Vanuatu. Air visitor expenditure accounts for the overwhelming majority of the direct contribution, reflecting longer average stays and higher per-day spending. In 2024, total visitor expenditure declined compared with 2023, reflecting the combined impact of Air Vanuatu's suspension of operations and the December 2024 earthquake, which disrupted both air arrivals and domestic tourism services.

Figure 21 Direct visitor expenditure, in real 2024 VUV

	2023	2024
Total air visitor expenditure	29,636,986,287	20,463,913,809
Total cruise ship visitor expenditure	1,361,038,875	1,057,516,331
Total visitor expenditure	**30,998,025,162**	**21,521,430,140**

Source: Polis Partners analysis (see Section 4.2.3)

5.1.2 Economic value-add

The economic output contribution of a sector includes both the value of intermediate inputs sourced from other producers and the sector's own value-add component - that is, the new value (wages and gross profits) the sector creates over and above the goods and services it purchases (its inputs). Economic value add therefore provides a more accurate measure of a sector's true contribution to the economy.

In this report, value add is estimated by applying a value-add-to-output ratio to the total economic output results. This ratio is derived from business respondent data collected through the Vanuatu Tourism Value Chain Survey and reflects the typical structure of costs and earnings within the tourism industry. It captures wages and salaries paid to local employees, operating surplus retained within Vanuatu, and indirect taxes such as VAT collected by the Department of Customs and Revenue. The estimated ratio of 0.42 indicates that, on average, every one VUV of tourism output generates 0.42 VUV of domestic value-add.

Figure 22 Direct value-add, in real 2024 VUV

	2023	2024
Total value-add servicing air visitors	12,300,354,743	8,493,218,468

	2023	2024
Total value-add servicing cruise ship visitors	564,877,306	438,905,154
Total value-add	**12,865,232,049**	**8,932,123,622**

Source: Polis Partners analysis and Vanuatu Tourism Value Chain Survey

5.2 Indirect Economic Contribution

Indirect economic contribution in the Vanuatu economy is driven by two main effects: the **industrial (or supply chain) effect** and the **induced (or consumption) effect**.

- **Industrial (supply chain) effect**: This arises when tourism businesses purchase goods and services from other local industries as inputs to their operations. These include expenditures on food and beverages, transport, utilities, maintenance, and other intermediate goods and services.
- **Induced (consumption) effect**: This occurs when wages paid to employees in the tourism sector are spent in the wider economy, generating further rounds of consumption and production activity.

Together, these effects are captured through what is known as a Type II multiplier, which can be applied to direct visitor expenditure to estimate the total indirect economic contribution of the tourism sector. The World Travel and Tourism Council (WTTC) reports that Type II multipliers for travel and tourism have consistently ranged between 2.3 and 3.3 since 2019, a range also adopted in previous Vanuatu tourism contribution studies. [7] This implies that, for every dollar of direct tourism expenditure, an additional $2.80 of economic activity is generated across the economy.

5.3 Estimate of Total Economic Contribution

5.3.1 Total Economic Contribution

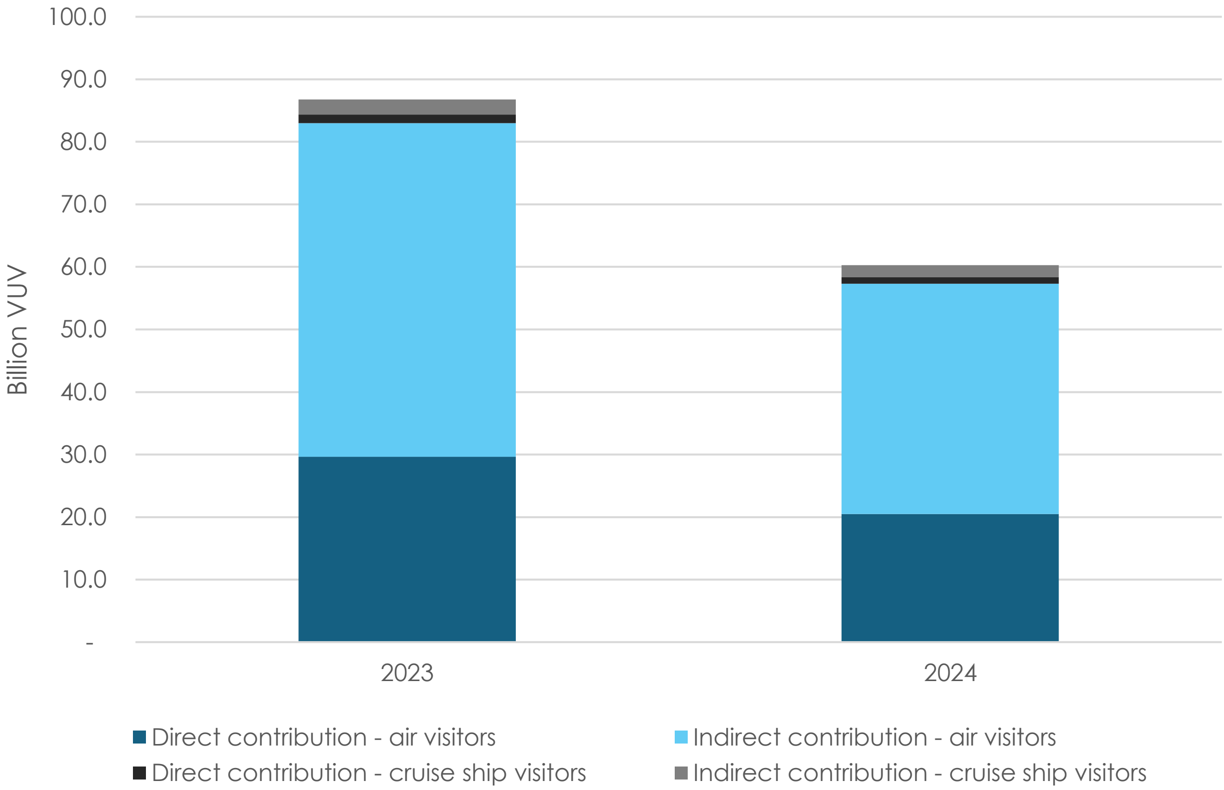
Vanuatu's total tourism economic contribution declined in 2024 relative to 2023, consistent with the fall in visitor arrivals following Air Vanuatu's operational suspension and the earthquake late in the year. **Total tourism output is estimated at approximately VUV 86.8 billion in 2023, falling to around VUV 60.3 billion in 2024**.

The tourism sector's contribution continues to be dominated by air visitors, which account for the majority of both direct and indirect activity. Cruise ship visitors make a smaller but steady contribution, reflecting shorter stays and lower onshore spending per passenger.

[7] Economic Impact of Yachting in Vanuatu, Market Development Facility, WTTC 2023

Indirect effects, arising through local supply chain purchases and household consumption, remain substantial, illustrating tourism's strong linkages across the wider economy. Despite the 2024 downturn, the sector continues to play a significant role in supporting output, employment, and local business activity across Vanuatu.

Figure 23 Vanuatu tourism economic contribution - Output

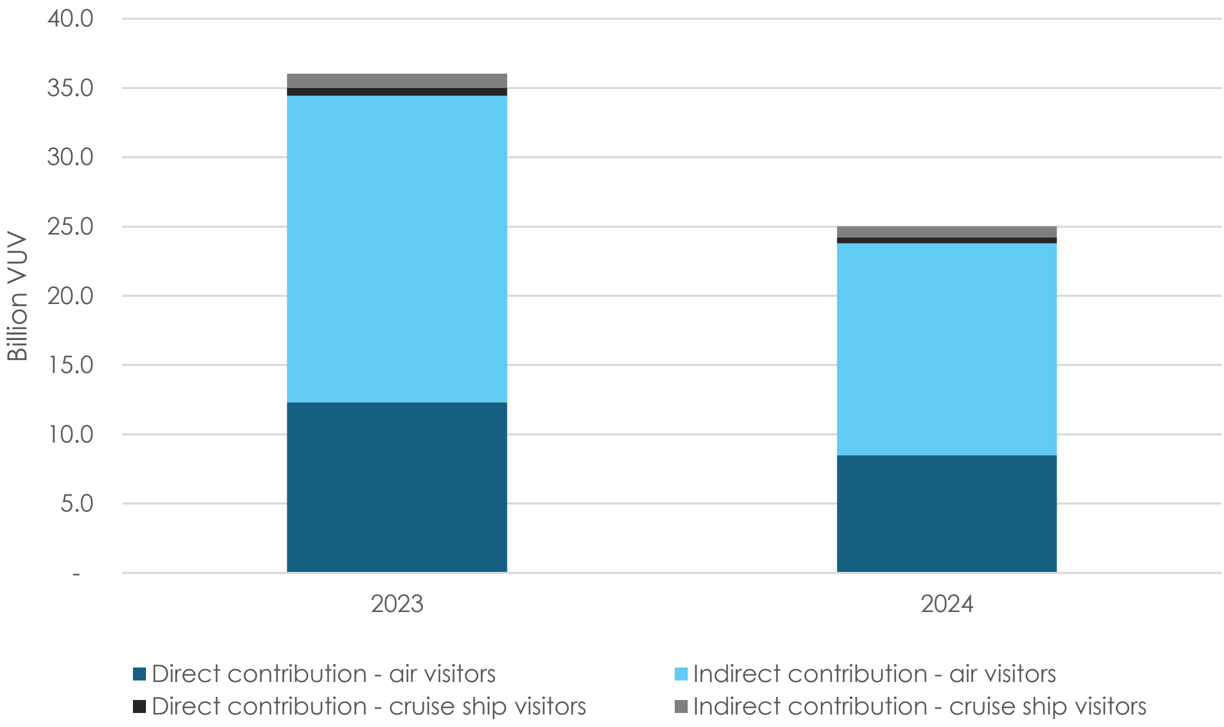


Source: Polis Partners Analysis

The tourism industry's economic value-add contribution in Vanuatu is presented in Figure 24 below. The pattern of value-add contribution follows that of total output, with a notable decline in 2024 reflecting reduced visitor activity. Tourism's total value-add contribution is estimated at around VUV 36.0 billion in 2023, falling to approximately VUV 25.0 billion in 2024. As with output, air visitors account for the majority of this contribution, highlighting the sector's dependence on international air connectivity and the flow-on impacts of disruptions to air services.

Given Vanuatu GDP estimates for 2023 are VUV 148.1 billion, the value-add contribution of tourism in Vanuatu is estimated to be approximately 25% of total GDP, representing a sizeable and important contributor. This contribution is lower at 16% in 2024 with the decline in tourism value-add (and increase in Vanuatu GDP to VUV 154.7 billion).

Figure 24 Vanuatu tourism economic contribution – Value-add



Source: Polis Partners Analysis

5.4 Employment

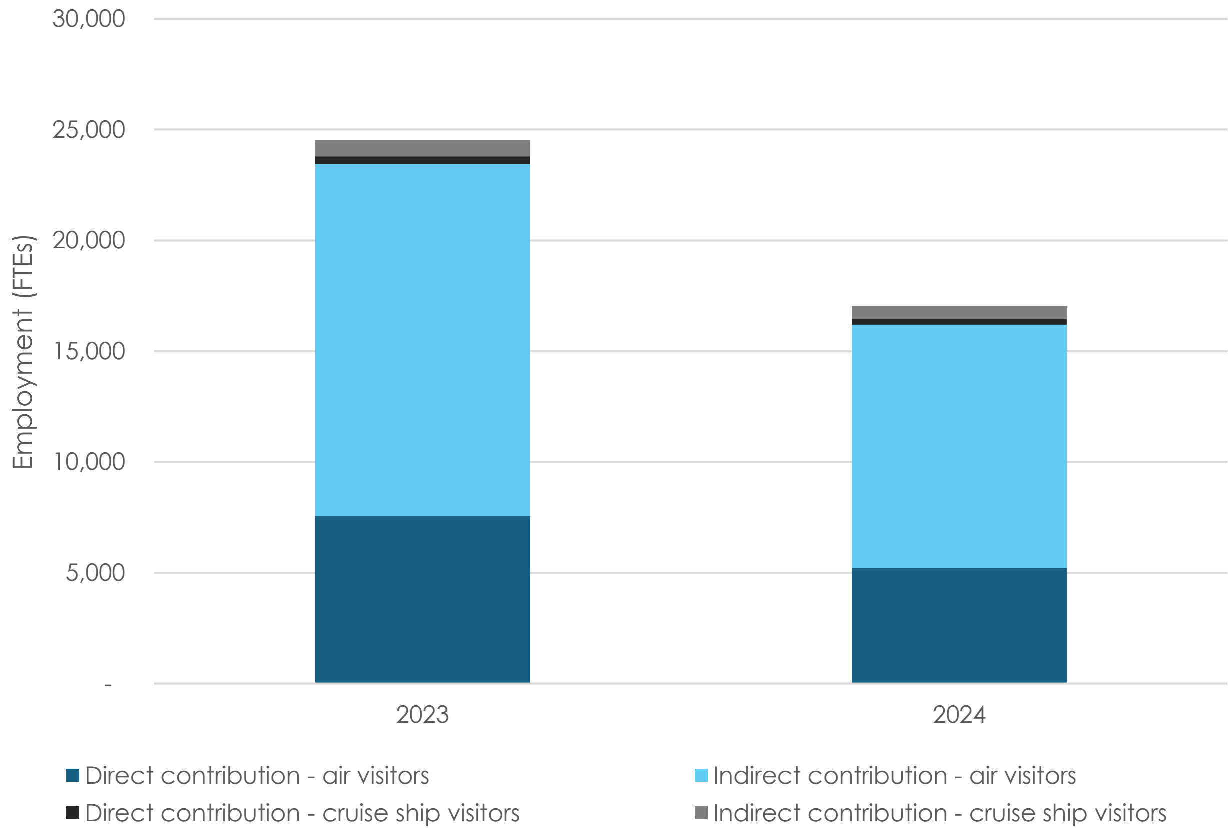
Tourism remains a major source of employment in Vanuatu, supporting both direct jobs in tourism-facing sectors and indirect jobs across the wider economy. **In 2023, the industry supported an estimated around 24,500 full-time equivalent (FTE) positions, falling to approximately 17,000 FTE in 2024.**

Most direct employment is concentrated in service-oriented roles such as accommodation, food and beverage, retail, and tours, which rely heavily on local labour and provide accessible entry-level opportunities, particularly for women and young people. Indirect employment arises across supporting industries, including agriculture, transport, and utilities, highlighting the sector's broad reach into the domestic economy.

Overall, tourism-related employment is estimated to account for around 29 per cent of total national employment[8], underscoring the sector's ongoing importance to livelihoods and household incomes across Vanuatu.

[8] This estimate uses a derived value of total Vanuatu employment using the identified 2022 tourism employment share in WTTC Travel and Tourism Economic Impact 2023.

Figure 25 Vanuatu tourism economic contribution – Employment



Source: Polis Partners Analysis

5.5 Benchmarking

To place the findings of this study in context, the estimated tourism economic contribution for Vanuatu in 2023 and 2024 has been benchmarked against results from previous national and sector-specific assessments. These comparisons highlight differences in approach, scope, and timing that influence reported totals.

The World Travel & Tourism Council Economic Impact Report estimated the total contribution of travel and tourism at approximately 23.7 per cent of GDP in 2022, equating to roughly VUV 90–100 billion in total output. The current study's 2023 estimate of VUV 86.8 billion for total tourism output is broadly consistent with the WTTC result, confirming the magnitude of tourism's role in the national economy.

The IVS estimated international air visitor spending at around USD 357 million (approximately VUV 43 billion) in 2023. This represents the demand-side component of tourism activity and excludes indirect and induced effects. This direct contribution value is larger than that in this study, driven by a higher air visitor number adopted in that study of 97,592. VBOS International Arrival Statistics, Table 1, used in this study, has international air visitors at 76,999 in 2023.

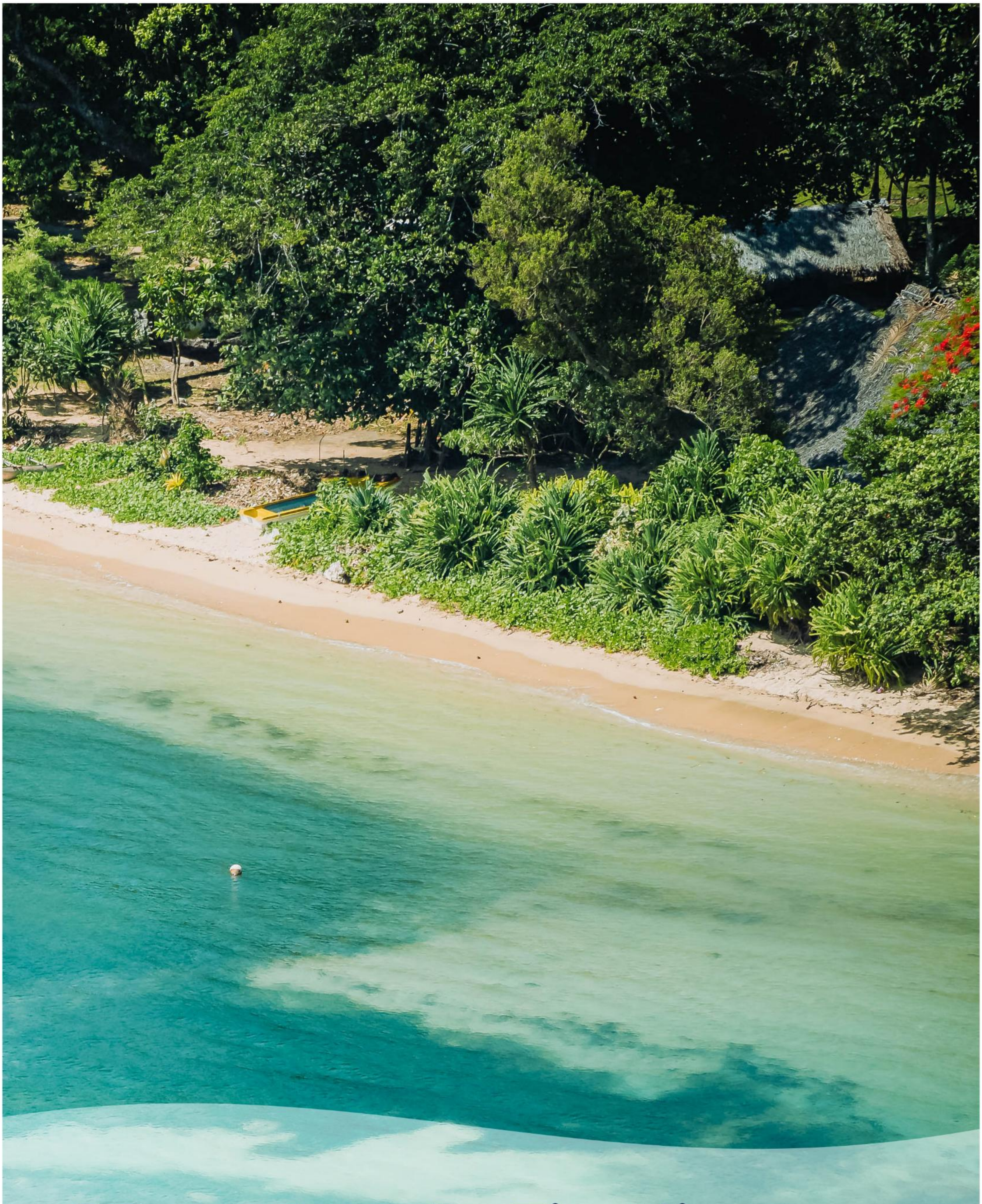
The MDF economic impact of yachting report found that yachting contributed VUV 902 million to the economy in 2023, including VUV 580 million in direct spending. This suggests that as a proportion of the total tourism sector output of VUV 86.8 billion in this report, yachting accounts for around 1 per cent of total tourism output. This is consistent with yachting's share of visitation to Vanuatu.

The 2014 NB cruise study estimated that cruise passengers and crew generated approximately VUV 4 billion in annual economic contribution in Vanuatu. In this study, cruise ship tourism contributed $3.8 billion VUV in 2023, which aligns relatively closely with the previous estimate.

Figure 26 Summary of previous key study results

Study / source	Year of estimate	Scope / coverage	Estimated economic contribution	Notes
WTTC Economic Impact Report – Vanuatu	2022	Total tourism contribution (direct, indirect, and induced)	≈VUV 90–100 billion total output contribution (≈24% of GDP)	Global Tourism Satellite Account (TSA) model using standardised multipliers; higher-level national estimate.
Vanuatu International Visitor Survey (IVS)	2024	International air visitors (direct expenditure only)	USD 357 million (~VUV 43 billion) visitor spend (direct contribution)	Demand-side survey capturing visitor profiles, spending, and satisfaction; excludes indirect and induced effects.
Net Balance Management Group – Assessment of the Economic Impact of Cruise Ships to Vanuatu	2014	Cruise visitors and crew expenditure	AUD 34.6m direct + 18.6 indirect ≈VUV 4 billion total contribution	Based on cruise passenger surveys and operator interviews; estimates direct and indirect contribution.
MDF – Economic Impact of International Yachting in Vanuatu	2023	Visiting yachts and superyachts	VUV 902 million total contribution (VUV 580m direct contribution)	Primary survey of yacht operators and suppliers; includes indirect effects through local multipliers.

Source: Vanuatu International Visitor Survey Report, January – December 2024. Assessment of the Economic Impact of Cruise Ships to Vanuatu, August 2014, Net Balance Management Group. Economic Impact of Yachting in Vanuatu, Market Development Facility, WTTC 2023. Travel & Tourism Economic Impact 2023 – Vanuatu, World Travel and Tourism Council.



Chapter 6: Findings & recommendations

6. Findings and Recommendations

6.1 Vanuatu Tourism Strategy and Outlook

Tourism remains one of Vanuatu's largest export earners and employers, providing strong domestic linkages across services, primary production, and construction. Recovery from the pandemic has been uneven, constrained by reduced air connectivity following Air Vanuatu's operational suspension and infrastructure damage caused by the December 2024 earthquake.

Visitor arrivals and expenditure therefore declined in 2024 relative to 2023. The market remains concentrated in short-haul leisure travel from Australia and New Zealand, although diversification opportunities are emerging as connectivity improves. Air visitors generate most expenditure and value add, while cruise tourism provides smaller but locally significant flows in Port Vila and Luganville. Near-term priorities include:

- Restoring capacity - stabilising air services, repairing of port infrastructure, rebuilding confidence in schedules, and ensuring accommodation, tours, and workforce can meet recovering demand.
- Lifting local value retention - reducing import leakage through local procurement and support for local workforce up-skilling.
- Embedding resilience - strengthening disaster preparedness, climate adaptation, and business continuity, alongside gradual market and product diversification to reduce reliance on single routes and segments.

6.2 Challenges and Opportunities

Constrained aviation capacity and damaged port assets reduce access, stay length, and discretionary spend. Leakage remains material in prepaid components and selected inputs. Skills gaps persist in management, culinary, and technical roles. Local training pathways exist but remain thinly supplied. Supplier depth is uneven across key categories. Imports dominate fuel, some processed foods, and building materials.

Opportunities include targeted route development and locally owned accommodation and tours. Supplier upgrading in fresh produce and consumables can raise retention. Digital marketing and sales channels can reach higher-yield segments at lower cost relative to more traditional analogue channels.

6.3 Economic Potential

Total visitor expenditure was estimated at approximately VUV 31.0 billion in 2023, falling to VUV 21.5 billion in 2024 due to disruptions in connectivity and market access. Air visitors accounted for the majority of spend, with higher local retention for in-country transactions compared with prepaid components. The beginnings of a recovery can already be seen in 2025. As of September 2025, air visitation has already surpassed 2024, indicating that the effects of the Air Vanuatu liquidation are starting to be overcome. Cruise ship visitation remains lower than the previous couple of years due to the impact of the earthquake on supporting infrastructure and operations (see Figure 8), however in 2026 this is expected to pick up back to, or surpass, previous levels.

The estimated value-add to output ratio of 0.42 indicates that for every VUV 1.00 of tourism output, VUV 0.42 is retained domestically as wages, profits, and taxes. Applying Type II multipliers, total tourism output is estimated at VUV 97 billion in 2023 and VUV 67 billion in 2024, supporting approximately 27,000 full-time equivalent (FTE) jobs in 2023 and 19,000 FTE in 2024. There is scope to build from this base and lift both value-add and employment through local sourcing, productivity improvements, and expanded local ownership.

6.4 Capacity Development

Lifting the value retained within Vanuatu's tourism sector will depend on targeted investments in business capability, workforce development, and supplier readiness. Many enterprises remain small, locally owned, and resource-constrained, limiting their ability to capture higher-value market segments or integrate into formal supply chains. Strengthening these operators will generate broad benefits by increasing the share of visitor spending that remains in local communities and by improving the overall resilience of the sector.

A key priority is developing local suppliers in agriculture, food processing, and consumables to substitute imports and meet the quality standards required by hotels and tour operators. Building stronger linkages between tourism businesses and domestic producers would not only reduce foreign leakage but also stimulate rural livelihoods and diversify income sources.

Efforts are also needed to expand accredited training across hospitality, supervision, culinary, maintenance, and tour operations, ensuring that the workforce has the skills required to deliver consistent quality and service. Practical training and apprenticeships should be combined with management and technical pathways that support career progression for ni-Vanuatu staff.

Business systems also require attention. Many small and medium tourism enterprises lack the financial management, costing, and marketing capabilities needed to compete effectively or access finance. Support programs that provide business mentoring, simplified financial products, and shared services could help smaller firms scale up and integrate with larger operators. Reliable data and monitoring systems, such as regular tourism value-chain surveys, updates to supply-use tables, and groundwork for a Tourism Satellite Account, will be important to guide policy, measure progress, and aid effectively.

Finally, resilience must be built into the sector's growth model. Integrating climate and disaster risk management into enterprise operations will help protect livelihoods and assets against future shocks. Access to finance specific to the seasonal nature of tourism, combined with disaster-preparedness planning and infrastructure redundancy, will further strengthen the sector's capacity to adapt and recover.

6.5 Recommendations

The following recommendations are for building upon the analysis in this report into the future. They include filling data gaps and standardising inputs, scaling and replicating the study across locations and years, aligning with national accounts, and outlining governance practices, industry engagement, and quality assurance to improve reliability.

- **Maintain a rolling evidence base** - repeat the tourism value chain survey in 2026, with expansion to the outer islands.
- **Standardise core inputs and methods -** develop a consistent template for calculating leakage, value-add ratios, and other key inputs. These can be packaged into a toolkit, including the survey instrument, assumptions and inputs register, standardised calculations and the contribution model itself. This would be held by the Department of Tourism and VBOS.
- **Address key data gaps -** prioritise updating core datasets needed to replicate this work, including national accounts data, labour force and tourism visitation and spend.
- **Align with national accounts -** work with VBOS and RBV to define a roadmap for introducing a Tourism Satellite Account. Begin by piloting development prototype tables, then moving to production level tables for publication.
- **Establish formal governance -** set up a technical advisory group to oversee the study, involving VBOS, RBV and the Department of Tourism. This group would review methods, agree annual parameters, and sign off on releases.
- **Deepen industry engagement -** involve industry early by running information sessions before surveys and co-designing simplified forms for small or informal operators. After surveys, provide participants with simple benchmarking summaries to show the value of their input.

- **Set a clear publication schedule -** commit to annual releases of the economic contribution of tourism in Vanuatu, including a technical appendix to build transparency and confidence in the findings.

6.6 Policy considerations

Through stakeholder conversations, and analysis of business survey respondents, there were several observations gleaned from the Vanuatu tourism sector that may be useful for policymakers to consider.

Near-term priorities should look at addressing immediate constraints to recovery to help restore sector performance following the 2024 disruptions. Actions would target the reinstatement of transport capacity, stabilisation of key markets, and quick wins to lift local earnings.

- **Restore and diversify air connectivity -** coordinated route development and co-marketing with airlines in key Australian and New Zealand markets. Explore the potential for airline route connections in other markets.
- **Stabilise cruise operations -** prioritise port and wharf repairs and improve visitor handling facilities in Port Vila and Luganville.
- **Lift local retention on prepaid spend -** promote book-direct offers and partnerships with online travel agencies to prioritise local operators.
- **Target higher-yield segments -** focus marketing on longer-stay leisure and small-group adventure markets.
- **Formalise the tourism value chain survey -** repeat the survey in 2026, and expand to outer islands, to maintain a rolling tourism business and activity evidence base.

Value-chain initiatives should aim to deepen local participation and strengthen linkages between tourism and the domestic economy. Exploring the following measures could help in building the competitiveness of local firms, enhancing workforce capability, and reducing economic leakage through local supply-chain substitution (away from imports):

- **Service and infrastructure support -** support brownfield upgrades and small lodges/bungalows with shared infrastructure and services to raise occupancy and yields.
- **Tourism workforce skills program** – expand upon short, accredited training in hospitality operations, customer service, food handling and basic management.
- **Work readiness and reliability uplift** – deliver practical soft-skills and work-readiness programs focused on attendance, communication and customer interaction.
- **Retaining skilled workers** – introduce retention mechanisms for critical tourism roles.

- **Small and medium-sized business finance** – access to dedicated microfinance with flexible collateral requirements for small and informal tourism businesses.
- **Grant and finance access** – single tourism business support portal with provincial outreach for grants, loans and concessionary finance.
- **Cruise market access support** – assist local operators in gaining access to onboard and port sales channels.

Appendices


BANYAN Beach
COCKTAIL Bar
BAR
HAPPY HOUR
COLD BEER
COCKTAIL
BEACH
TOES IN SAND

Appendix A: Inputs and assumptions register

This appendix documents the inputs and assumptions used in the value chain and economic contribution analyses.

General assumptions

Item	Value	Source
Inflation index	4.9%	VBOS CPI Statistics – CAGR 2018 - 2024
VUV per USD	119.2	World Bank World Development Indicators, 2024, Official exchange rate (LCU per US$, period average)
VAT rate	15%	Customs and Revenue

Visitor volumes and trip parameters

Item	2023	2024	Source
Air visitors	76,999	59,078	VBOS International Arrival Statistics, Table 1
Cruise ship visitors	263,578	204,798	VBOS International Arrival Statistics, Table 1

Air visitor spending and retention assumptions

Item	2023	2024	Source	Notes
Prepaid spend (VUV per trip)	384,431	414,284	IVS Annual Report - 2024	
Prepaid spend - local retention	62.5%	62.5%	IVS Annual Report - 2024	
In-country spend (VUV per day)	24,349	14,724	IVS Annual Report - 2024	
Visitor nights	9	9	IVS Annual Report - 2024	
In-country spend - local retention	66%	66%	Q28 - Vanuatu Tourism Value Chain Survey	Derived from the weighted share of purchase of intermediate goods locally vs overseas
Total spend per trip (VUV)	603,570	546,800	Calculation	Prepaid + In-country

Item	2023	2024	Source	Notes
Locally retained spend per trip (VUV)	384,901	346,388	Calculation	Prepaid retained + In-country retained

Cruise ship visitors – expenditure and visitation by port

Item	2024	Source
Expenditure per visitor - VUV		
Port Vila	12,817	MTTC 2020 Vanuatu Trade Policy Framework Update and International Finance Corporation, World Bank, and Assessment of the Economic Impact of Cruise Ships to Vanuatu, August 2014, Net Balance Management Group. Escalated to 2024 value using Vanuatu VBOS CPI CAGR 2013 - 2024
Luganville	6,009	
Mystery Island	1,468	
Share of visitation		
Port Vila	52%	MTTC 2020 Vanuatu Trade Policy Framework Update
Luganville	10%	
Mystery Island	38%	

Cruise ship visitor spending and retention assumptions

Item	Value	Source	Notes
Weighted cruise ship visitor spend per trip (VUV)	7,824	MTTC 2020 Vanuatu Trade Policy Framework Update and International Finance Corporation, World Bank, and Assessment of the Economic Impact of Cruise Ships to Vanuatu, August 2014, Net Balance Management Group.	Weighted by share of visitation at each port
Cruise ship visitor spend - local retention	66%	Q28 - Vanuatu Tourism Value Chain Survey	Derived from the weighted share of purchase of intermediate goods locally vs overseas
Locally retained spend per trip (VUV)	5,164	Calculation	

Economic contribution assumptions

Item	Value	Source	Notes
Value-add to output ratio	0.42	Q28 - Vanuatu Tourism Value Chain Survey	Derived from tourism business survey results. Value-add = local wages + retained operating surplus + VAT
Type II multiplier – output	2.8	World Travel and Tourism Council (2023), as adopted in Economic Impact of International Yachting in Vanuatu	Avg. between 2019 and 2023
Type II multiplier – employment	3.1	World Travel and Tourism Council (2023)	Ratio of total employment to direct employment in 2022
Direct output per worker	VUV 3,918,228	World Travel and Tourism Council (2023)	2019 ratio of tourism output to employment (2019 chosen as last stable year before covid)

Appendix B: Survey Questionnaire

Question Area 1: Screening and demographics

Business identification and consent

Consent Statement:

By proceeding with this survey, you acknowledge that your participation is voluntary, and you may withdraw at any time.

Information you provide in the survey will be treated confidentially. Your responses will be combined with others and analysed in aggregate. No individual business or respondent will be identified in the reporting of survey results.

The purpose of this survey is to collect data on the economic activities, structure, and challenges faced by the tourism sector in Vanuatu to inform evidence-based policy and development strategies.

By continuing, you confirm that you have read this statement and consent to participate in the survey.

Contact Person & Role: (Optional)

Name of the business you are representing: (Optional)

Respondent

- Please provide your name:
- Please provide your phone number:
- Please provide your email address:
- Position in the business:
    - Are you the owner? Y/N
    - Are you an employee? Y/N
- Gender
    - [M /F / other / prefer not to answer]
- Year born
    - Drop down: [YYYY]
- Are you a Vanuatu resident (live in Vanuatu for one year or more): Y/N
- Do you identify as a person with a disability? (Yes/No/Prefer not to say)

Tourism business type (definition)

- What is the nature of your business? [Select one]

- Tourism related
- Tourism servicing
- Other → **SKIP TO LAST QUESTION**

Business Owner

- If the business is owned by an individual, please select the status of the business owner
  - Citizenship [Select one]
    - Ni – Vanuatu (born in Vanuatu, or at least one parent who is a national of Vanuatu)
    - Vanuatu Citizen, other than by birth
  - Residency [Select one]
    - Vanuatu resident (live in Vanuatu for one year or more), Non-resident
  - Other [Please provide status]

Question Area 2: Business Profile and Structure

Legal Structure & Registration Status

- Is your business formally registered?
    - Yes
    - No
- If yes, which of the following permits or registrations do you hold? [Select all that apply]
    - Tourism Permit
    - Business Licence from a provincial government
    - Business Licence from the Department of Customs and Inland Revenue (DCIR)
    - Customs Tax Identification Number (TIN)
    - Vanuatu Financial Services Commission (VFSC) registration
    - Vanuatu National Provident Fund (VNPF) registration
    - VAT registration
    - Vanuatu Investment Promotion Authority (VIPA) certificate
    - Other Business Permit (e.g. public vehicle permit, please enter details)
- If no, why not? [Select all that apply]
    - too small
    - informal
    - lack of information/resources
    - other
- What is the legal status of your business? [Select one only]
    - Sole Trader / unincorporated
    - Private Limited Company
    - Co-operative
    - Statutory Boards
    - Local authority owned entity
    - Non-profit Institutions Serving Households
    - Consortium
    - Partnership

    - Public Limited Company
    - State owned enterprises
    - Trusts and Estates
    - Branch of foreign entity
    - Joint ventures > 10% Foreign ownership
    - Other Type

Type of Business

- Which of the following best describes your primary tourism activity? [Select all that apply]
    - Accommodation (Hotel, Resort, Bungalow, Guesthouse, Holiday Home/Airbnb-style rental)
    - Tour Operator / Activities Provider (e.g., adventure, cultural tours, marine activities, fishing charters)
    - Food & Beverage Services (Restaurant, Cafe, Bar)
    - Retail (General shopping, Duty-free)
    - Transport (Taxi, Bus, Car Rental, Local Boats, Domestic Flights)
    - Handicrafts / Souvenirs
    - Entertainment / Recreation
    - Travel Agent / Booking Services
    - Other (Please specify)

Geographic Location

- In which province is your **primary business** located? [Select one]
    - Torba
    - Sanma
    - Penama
    - Malampa
    - Shefa (excl. Efate)
    - Tafea
    - Efate
- Is your business located in an urban or rural area? Note: urban areas classified as Port Vila or Luganville. [Select all that apply]

    - Urban
    - Rural
- Which Provinces does the business operate in? [Select all that apply]
    - Torba
    - Sanma
    - Penama
    - Malampa
    - Shefa (excl. Efate)
    - Tafea
    - Efate

Question Area 3: Sales and revenue

Total Sales of Goods and Services

- Please state the total value of sales of goods and services (also known as gross revenue) for the following years. In your response, please include the value (in Vanuatu Vatu (VUV)) of all sales by your business, before deducting expenses or taxes.
  - in calendar year 2023 (Jan – Dec)
  - in calendar year 2024 (Jan – Dec)

Sources of Revenue

- What type of visitors do you sell your goods and services to? Please estimate the percentage of your total sales (also known as gross revenue) which come from the following sources(summing to 100%):
  - International air visitors
  - Cruise ship visitors
  - Yacht visitors
  - Domestic visitors (Vanuatu residents)
  - Non-tourism related sales
  - Other [please enter details]

Revenue Breakdown by Product/Service

- For your primary business activities, please estimate the percentage of revenue (summing to 100%) from:
  - Accommodation services
  - Food & Beverage services
  - Tours and Activities
  - Retail (Shopping)
  - Transport services (Taxis, Buses, Car Rental, Local Boats)
  - Entertainment/Recreation
  - Souvenirs/Handicrafts
  - Duty-Free sales
  - Other (Please specify)

Question Area 4: Business expenses and suppliers in Vanuatu

Total Business expenses

- Please state your total annual business expenses (also known as operating expenditure). Please enter the value, in Vanuatu Vatu (VUV) of all expenditure **excluding wages/salaries and taxes**
  - in calendar year 2023 (Jan – Dec)
  - in calendar year 2024 (Jan – Dec)

Types of business expenses

- For the following inputs to your business, and in a typical operating year, please estimate the percentage (summing to 100%) that is sourced from:
  - Fresh Food Produce (e.g., fruits, vegetables, meat, fish)
  - Processed Food & Beverages
  - Building Materials & Maintenance Supplies
  - Cleaning Supplies & Consumables
  - Fuel & Energy
  - Transport & logistics
  - Marketing & Advertising Services
  - Building rent
  - Professional Services (e.g., accounting, legal)
  - Other goods/services (Please specify)

Business spending on domestic and imported products

- For the following inputs to your business, and in a typical operating year, please estimate the percentage that is sourced **in Vanuatu** rather than **imported** from overseas (summing to 100%):
  - Fresh Food Produce (e.g., fruits, vegetables, meat, fish)
  - Processed Food & Beverages
  - Building Materials & Maintenance Supplies
  - Cleaning Supplies & Consumables
  - Fuel & Energy
  - Transport & logistics

        - Marketing & Advertising Services
        - Building rent
        - Professional Services (e.g., accounting, legal)
        - Other goods/services (Please specify)

Value-Add and Spending on Margin Items

- Please estimate the approximate percentage of your **gross revenue** that goes towards the following (in a typical operating year):
    - **Wages and salaries** for employees
    - **Net profit** for owners/investors
    - **Taxes and fees** paid to government (e.g., VAT, business licenses, tourism levies, port fees)
- [Other sources of leakage]
    - Payments to other local businesses/suppliers (part of local value chain)
    - Remission of profits overseas (for foreign-owned businesses)
    - Remission of expatriate salaries overseas
    - Reinvested earnings?
    - Other revenue leaving the country, (if known)

Buying from businesses in Vanuatu

- Do you actively seek to buy goods and services businesses or other producers (e.g., local farmers, handicraft makers) in Vanuatu? (Yes/No)
- If yes,
    - what are the main reasons your business buys locally?
    - What challenges do you face in sourcing locally? (e.g., consistency, quality, supply volume)
- If no,
    - What are the main reasons for your business not buying locally?
    - What goods and services would you prefer to buy locally?
- Do you sell products/services to other local businesses in the tourism sector or other sectors? (Yes/No)
    - If yes, please specify.

Question Area 5: Employment

Employees

- Number of Full-Time Equivalent (FTE) employees (Vanuatu citizens):
  - in calendar year 2023 (Jan – Dec)
  - in calendar year 2024 (Jan – Dec)
- Number of Part-Time employees (Vanuatu citizens):
  - in calendar year 2023 (Jan – Dec)
  - in calendar year 2024 (Jan – Dec)
- Number of Expatriate employees (foreign citizens):
  - in calendar year 2023 (Jan – Dec)
  - in calendar year 2024 (Jan – Dec)

Employment Demographics

- What percentage of employees in the business are women?
- What percentage of employees in the business have disabilities?
- What percentage of your workforce are considered informal (e.g., street vendors, casual guides, home stay providers not formally registered)?

Recruitment and Skills

- Do you find it difficult to recruit Ni-Vanuatu workers with the required skills?
  - Yes
  - No
  - Sometimes
- If yes, what are the main skill gaps you observe?
- What are main challenges for your business in finding, hiring, training and turnover of staff and management in Vanuatu?

Training and Development

- Do you provide internal training for your staff?
  - Yes
  - No
- Do your staff participate in tourism training with external accreditation (e.g. formal testing, standards and certification issued by someone outside your business)?

- Yes
- No

- Are you aware of available business training, particularly financial literacy, for small businesses in your area?
  - Yes
  - No
- If yes, please provide details

Question Area 6: Finance and Investment

Startup Finance

- What were the main sources of finance when you **started your business**? [Select all that apply]
  - Own savings / cashflow
  - Family
  - Friend
  - Bank
  - Cooperatives & Credit Union
  - Money lenders
  - Microfinance
- Did you face challenges securing finance to start a business?
  - Yes
  - No
- If yes, what were they? [Select all that apply]
  - I don't have bank account
  - Not enough savings or access to household finances
  - Unable to provide collateral or other security needed for a loan
  - Interest rates were too high / financing too expensive
  - Application for a loan was rejected by a bank or other financial institution
  - Had difficulty accessing grants or other support Not aware of loans or other finance options
  - Other

Finance for running or growing your business

- What are your main sources of finance for running or growing your **business**? [Select all that apply]
  - Own savings / cashflow
  - Family
  - Friend
  - Bank

        - Cooperative or Credit Union
        - Money lenders
        - Microfinance
        - Reinvested business profits

Historical Investment

- For your primary business activities, please state your total annual investment expenditure (excluding wages/salaries and taxes) in VUV:
    - in calendar year 2023 (Jan – Dec)
    - in calendar year 2024 (Jan – Dec)
- In each calendar year, please estimate how much investment expenditure was allocated to the following assets (as a percentage, summing to 100%):
    - Land development and improvement
    - Buildings
    - Plant & machinery
    - Furniture, fixtures and office equipment
    - Transport vehicles and related equipment
    - Other

Future Investment Plans

- Do you plan to invest in new infrastructure (e.g., accommodation, transport, facilities), equipment (vehicles, boats, activity equipment) or product development in the next 1-3 years?
    - Yes
    - No
- If yes, what kind of investment? [Select all that apply]
    - Land development and improvement
    - Buildings
    - Plant & machinery
    - Furniture, fixtures and office equipment
    - Transport vehicles and related equipment
    - Other

Question Area 7: Marketing and Distribution

Use of Online Platforms

- Does your business use major international online platforms for bookings or marketing? [Select all that apply]
  - Airbnb
  - Booking.com / Expedia / Other Online Travel Agencies (OTAs)
  - Tour operator platforms (e.g., Viator, GetYourGuide)
  - Social Media (e.g., Facebook, Instagram)
  - Your own website
  - Vanuatu Tourism Office (VTO) website
  - None

Third-Party Channels

- Do you work with travel agents or other third-party booking channels (e.g., directly with cruise lines)?
  - Yes
  - No

Marketing Focus

- Which geographical visitor markets do you primarily target? [Select all that apply]
  - Australia
  - New Zealand
  - New Caledonia
  - Europe
  - North America
  - China
  - Japan
  - Other
- Which market segments do you primarily target? [Select all that apply]
  - Relaxation
  - Eco-tourism
  - Luxury

        - MICE (Meetings, Incentives, Conferences, and Exhibitions)
        - Recreation and Adventure Seeker
        - Digital Nomads/Workcation
        - Domestic visitors
    - Do you find it difficult to gain access to sales channels onboard cruise ships?
        - Yes
        - No

Question Area 8: Sustainability and Challenges

Environmental practices

- Which of the following environmental practices does your business currently implement? (Select all that apply)
  - We separate and recycle waste
  - We compost organic waste
  - We practice waste minimisation (e.g. reduce single-use plastics)
  - We use renewable energy (e.g. solar)
  - We use energy-efficient appliances, lighting or equipment
  - We use low-flow fixtures or reuse water (e.g., greywater)
  - We monitor and reduce water or energy use
  - We have a wastewater treatment system (e.g. on-site septic tanks)
  - We invest in conservation activities (e.g. marine protected areas, or reforestation)
  - None of the above
  - Other (please specify): ___________

Local culture and communities

- How does your business support local culture and communities? (Select all that apply)
  - We incorporate local cultural experiences into our offerings
  - We source products or services from local suppliers
  - We employ staff from local communities
  - We collaborate with local artists or cultural groups
  - We educate guests about local culture and customs
  - None of the above
  - Other (please specify): ___________

Sustainability

- Does your business have a sustainability strategy or certification? (Select all that apply)
  - We have a written sustainability strategy or policy
  - We are certified by a recognised eco-label (e.g., GSTC, EarthCheck)
  - We follow informal sustainability practices

- We do not currently have a strategy or certification
- Which of the following apply to your business regarding sustainability?
- (Select all that apply)
- We plan to invest in sustainability in the next two years (please specify): ______________
- We would like to invest, but face challenges (e.g. limited resources, knowledge, or access to products and services) (please specify): _______________________
- We have no investment plans at this time

Challenges Faced by Your Business

- What are the top three challenges currently impacting your business? [Select up to 3]
  - Inadequate infrastructure (e.g., roads, airport, utilities)
  - High operational costs (e.g., transport, fuel, supplies)
  - Difficulty accessing qualified local labour / skills gap
  - Land tenure issues or disputes
  - Economic leakage (money leaving the country)
  - Inconsistent enforcement of tourism levies/fees
  - Limited access to finance/credit
  - Impact of natural disasters (e.g., cyclones)
  - Impact of global events (e.g., pandemics, economic crises)
  - Lack of marketing support
  - Difficulty competing with foreign-owned businesses
  - Other (Please specify)

Support Needed

- What kind of support would most help your business grow sustainably? [Select all that apply]
  - financial assistance
  - training
  - improved infrastructure
  - market access
  - policy support

Question Area 9: Completion

- **Thank you for your valuable input!** You may be contacted for follow up on the survey.

Appendix C: Glossary

Term	Description
Air visitor	A visitor who arrives by air for tourism purposes, typically staying longer and spending more than cruise visitors.
Benchmarking	The process of comparing performance metrics, such as output or value add, against past studies or international standards to ensure consistency and reasonableness.
Computable general equilibrium (CGE) model	An economy-wide modelling approach used to estimate direct, indirect, and induced effects of changes in tourism or policy interventions.
Cruise visitor	A visitor arriving via cruise ship who typically spends a short time in-country, contributing primarily through onshore purchases and tours.
Department of Tourism (DoT)	The Vanuatu Government department responsible for policy, planning, and regulation of tourism activities.
Direct contribution	The economic output and value added generated directly by tourism-facing industries such as accommodation, food services, retail, and transport.
Full-time equivalent (FTE)	A standardised unit of employment that expresses part-time and full-time jobs as equivalent full-time positions.
Gross Domestic Product (GDP)	The total value of goods and services produced within an economy, used to measure overall economic performance.
Household Income and Expenditure Survey (HIES)	A national survey measuring household income, spending, and consumption patterns.
Indirect contribution	The additional economic activity generated when tourism businesses purchase goods and services from other domestic suppliers (the supply-chain effect).
Induced contribution	Economic activity resulting from household spending by employees whose incomes depend on tourism.
Informal sector	Small-scale, often unregistered businesses, such as homestays, bungalows, and handicraft vendors, that contribute to the tourism economy.
Input–Output (IO) tables	Analytical tools that describe how the output of one industry is used as input by another, enabling the tracing of economic linkages and multipliers.

Term	Description
Intermediate expenditure	Spending by tourism businesses on goods and services required for operations, such as food, fuel, utilities, marketing, and maintenance.
Leakage	The portion of visitor spending that leaves the domestic economy through imports or foreign-owned operations.
Local retention rate	The proportion of visitor spending that remains in the domestic economy after accounting for leakages.
Market Development Facility (MDF)	A development program funded by Australia and New Zealand that supports private sector growth and inclusive economic opportunities in Pacific economies, including Vanuatu.
Output-per-FTE ratio	A measure of productivity showing the average economic output generated per full-time equivalent employee.
Supply and Use Tables (SUT)	National statistical tables showing the production and use of goods and services across industries, forming the basis for Input–Output analysis.
Tourism business register	An official list maintained by the Department of Tourism identifying all licensed and accredited tourism operators.
Tourism establishment	A business that primarily serves visitors, including hotels, restaurants, tour operators, and transport providers.
Tourism establishment survey	A structured data collection tool used to gather information on the financial and operational characteristics of tourism-related businesses.
Tourism multiplier	A factor that quantifies the total economic contribution of tourism spending, capturing both direct and secondary effects.
Tourism output	The total value of goods and services produced by the tourism industry, including both locally retained and imported components.
Tourism satellite account (TSA)	A statistical framework that measures the contribution of tourism to national accounts and facilitates comparison with other sectors.
Tourism value chain survey	A primary data collection exercise undertaken to capture information on business operations, cost structures, supply chains, and employment in Vanuatu's tourism sector.
Type II multiplier	A tourism multiplier that includes both indirect and induced secondary effects of tourism spending.

Term	Description
Value-add	The contribution of a sector to Gross Domestic Product (GDP), comprising wages, taxes, and profits retained within the domestic economy.
Value chain	The sequence of activities and linkages through which visitor spending flows, from initial expenditure by tourists to income generation for local businesses, workers, and suppliers.
Vanuatu Bureau of Statistics (VBOS)	The national agency responsible for collecting and publishing statistical data, including tourism and national accounts information.
Vanuatu International Visitor Survey (IVS)	A survey collecting data on visitor characteristics, spending patterns, and satisfaction levels.
Visitor expenditure	Total spending by international tourists on goods and services, including prepaid and in-country components.