

**MCA VANUATU
TOURISM SURVEY
BASELINE STUDY**

FINAL REPORT

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TRIP Consultants

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MCA Vanuatu**Tourism Survey – Baseline Study**

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ABBREVIATIONS

FTE – Full Time Equivalent (jobs)
GDP – Gross Domestic Product
MCA – Millennium Challenge Account
MCC – Millennium Challenge Corporation
NSO – Vanuatu National Statistics Office
PMU – Project Management Unit
TOR – Terms of Reference
VFR – Visiting Friends and Relatives
VTO – Vanuatu Tourism Office

DEFINITIONS

BOXPLOT OUTLIERS - The boxplot gives a visual illustration of the distribution of responses for continuous variables. It displays the median, the interquartile range (25th to 75th percentile – the box), ‘whiskers’ that extend to largest and smallest observed values within 1.5 box lengths. Beyond that the sample responses are seen as ‘outliers’ between 1.5 and 3 box lengths. Beyond 3 box lengths they are seen as ‘extreme values’.

GROSS AND NET FOREIGN EXCHANGE EARNINGS – Gross Foreign Exchange Earnings is taken as the total expenditure by international tourists, including the expenditures made on their behalf by tour operators/ travel agents, but referring to the actual expenditure that takes place in Vanuatu or comes into the Vanuatu economy.

Net Foreign Exchange Earnings deducts the amount of imports and remittances that are seen as necessary to bring about the Gross Foreign Exchange Earnings. This deduction, described as ‘leakage’ or ‘non-retention’, is estimated at 30 percent.

INTERMEDIATE CONSUMPTION – Intermediate consumption includes goods and services which are entirely used up by producers in the course of

production to produce output of goods and services during the accounting period. Durable goods which may be classified as capital goods since they are used as the tools of production over a number of years (saws, spades, knives, axes, hammers and screwdrivers etc.) may be included in intermediate consumption if their prices are below a certain low value. Intermediate consumption excludes other production costs, such as labour cost, financial costs and production taxes. The labour and financial costs and production taxes are costs to business firms but are treated in the SNA (System of National Accounts) as incomes generated for the economy in the production process.

MULTIPLIER EFFECT – The additional spending generated from direct tourist expenditure in the local economy. The full impact is achieved through a process of direct, indirect and induced impacts, sometimes referred to as the multiplier effect. Key to estimating the economic impact are the assumptions made with respect to the breakdown of the tourist expenditure, both by tourists themselves and by tour operators on behalf of the tourists. Equally important is the breakdown of the costs of providers of services in order to identify ‘value added’. Import items are especially significant for the indirect impacts because intermediate consumption by the first round of suppliers also translates into local value added but not for the imported items.

Direct Effects - the direct local income generation per Vatu of tourist expenditure i.e. the factor incomes generated within businesses that directly receive tourist expenditure.

Indirect Effects - indirect local income generation per Vatu of tourist expenditure i.e. the factor incomes generated in other businesses whose turnover is directly augmented with purchases made by the original businesses

Induced Effects - Induced local income generation per Vatu of tourist expenditure i.e. factor incomes generated as a result of expenditure by local residents whose income has been increased by direct or indirect income generated by the original tourist expenditure.

In the context of this report the analyses have been restricted to the direct and indirect effects.

TOTAL TOURIST EXPENDITURE – The sum of all tourist expenditure by international visitors who arrive by air, by cruise ship and by yacht, together with domestic tourists who travel by air.

TOTAL INTERNATIONAL TOURIST EXPENDITURE – The sum of all tourist expenditure by international visitors who arrive by air, by cruise ship and by yacht.

VALUE ADDED (DIRECT AND INDIRECT) – The System of National Accounts (SNA) defines GDP and gross value added operationally, i.e., how they are calculated. Gross value added and GDP measure the additional value of goods and services that are newly created in the economy and are available for domestic final uses or for exports. Output is the value of the goods and services which are produced by an establishment in the economy that become available for use outside that establishment. They are valued at market or equivalent market prices. Intermediate consumption is the cost of goods and services used in production. GDP is equal to the value of all goods and services produced in the economy (i.e., output) less the value of all goods and services used in the production processes (i.e., intermediate consumption). The total gross value added after some minor adjustment for taxes and subsidies is gross domestic product.

In the context of this report we have taken value added as the combination of gross operating surpluses of businesses plus their wages/labour costs.

The Use of the terms ‘Direct’ and ‘Indirect’ relate to the scope of the inputs to the Value added e.g. whether or not the estimate applies only to the first round tourist expenditure (direct) or whether the expenditure by intermediate suppliers to the tourist industry is also being included (indirect).

RELATIVE SAMPLING ERROR - The relative sampling error is the sampling error divided by the ‘sample statistic’ expressed as a percentage. It provides an easily understood indication of the range within which the ‘population parameter’ might lie in the context of the ‘sample statistic’. For the purposes of this report, the sampling error has been taken at the 95 percent confidence level using the normal distribution. This is taken as 1.96 times the Standard Error

TOTAL TOURIST EXPENDITURE – The sum of all tourist expenditure by international visitors who arrive by air, by cruise ship and by yacht, together with domestic tourists who travel by boat.

TOTAL INTERNATIONAL TOURIST EXPENDITURE – The sum of all tourist expenditure by international visitors who arrive by air , by cruise ship and by yacht.

TRIMMED MEAN - For the purposes of this report the trimmed mean has been taken as a 5 percent trimmed mean, which involves exclusion of the top 5 percent and the bottom 5 percent of the sample values for the sample statistic being estimated for the mean.

EXECUTIVE SUMMARY

1. This Tourism Survey project commenced on 11th June 2007 and is being undertaken in two Phases, namely:
 - Phase One – Baseline Survey - June 2007 – June 2008; and
 - Phase Two – Final Survey - January 2010 – December 2010.

2. A series of five surveys have been undertaken in Phase One to gather tourism expenditure, income, employment and transport data in Vanuatu. The main surveys consist of:
 - An international visitor survey
 - A domestic tourism survey
 - A yacht visitor survey
 - A cruise shipping visitor survey
 - A local tourism business survey

3. The questionnaires were designed for self-completion and administered by a team of experienced enumerators. The table below indicates the sample size for each survey together with the general confidence intervals for questions giving proportions/percentages (in effect yes/no answers).

Table 1. Sample Sizes and Confidence Interval – 2007 Baseline Survey

Sample	Sample Size	General Confidence Interval
Departing Air Passengers at Bauerfield Airport, Efate	1542	+/- 2.5 percentage points
Departing Air Passengers at Pekoa Airport, Santo	85	+/- 11 percentage points
Domestic Air Passengers	202	+/- 7 percentage points
Yacht Passengers	27	+/- 19 percentage points
Cruise Passengers	751	+/- 4 percentage points

Note: The mathematics of probability do not apply to the Business Survey because it is not a random survey. The sample statistics from the Business Survey have to be seen as ‘indicative’.

4. Questionnaires were reviewed for completeness and monitored for accuracy of recording (both manually and by using boxplots of the ‘outliers’). The questions were pre-coded and additional coding was used for the open ended questions and incorporated into the data entry process.
5. Total Tourism Expenditure in Vanuatu in 2007 is estimated to be approximately Vatu 17.9 billion of which approximately Vatu 14.9 billion is by international as illustrated in the table below.

Table 2: Estimated Tourist Expenditure 2007

Segment	Total Spend Vatu Billion	Percentage
International Air Tourists	9.735	54.5
Cruise Visitors	1.732	9.7
Yacht Visitors	0.265	1.5
Domestic Tourism	2.969	16.6
<i>Total Direct Expenditure</i>	<i>14.701</i>	<i>82.4</i>
Agents on Behalf of Tourists	3.150	17.6
Total Expenditure	17.851	100

Source: Derived from 2007 Tourism Survey

Approximately 22 percent of international air tourists visited the outer islands. Total value of expenditure on the outer islands (not including domestic) is estimated at Vatu 1.7 billion.

6. Direct value added (labour costs, plus gross operating profits) varies between 40.8 and 55.1 percent. The total tourist expenditure of approximately Vatu 17.9 billion translates into approximately Vatu 8 billion in direct added value. We estimate that the multiplier effect for Vanuatu

equates to an additional 2.3 billion. Direct plus indirect local incomes (value added) are therefore estimated at approximately Vatu 10.2 billion.

7. The survey results indicate that there are around 3,300 fulltime employees and 1,400 part-time employees attributable to tourist spending; hotel/accommodation providers account for approximately half of all employment in the tourism sector.
8. The majority of tourists visit sites and attractions outside of the capital city of Port Vila (almost 60 percent of international air visitors, 40 percent of cruise ship visitors and 63 percent of yacht visitors). Approximately Vatu 3.3 billion or 22.6 percent of all tourist expenditure is spent on local transport.
9. The results of the survey indicate that the contribution to GDP from tourism (direct plus indirect) is approximately 20 percent. In addition, the results indicate that 27 percent of gross revenues from tourism are used to bring in goods and services from overseas.
10. The main Baseline Measures estimated from the results of the 2007 Tourism Survey are summarised in the table below.

Table 3: Summary of Baseline Figures - 2007

Item	Units	Baseline Figure 2007
Total Tourist Expenditure	Vatu billion	17.85
Total International Tourist Expenditure	Vatu billion	14.88
Direct Value added/ Local incomes deriving from Tourist Expenditure	Vatu billion	7.97
Direct + Indirect Value added/ Local incomes deriving from Tourist Expenditure	Vatu billion	10.2
Employment	Full Time Equivalents	3,800
Contribution to GDP (Direct + Indirect) arising from Tourist Expenditure	Percent	20%
Gross Foreign Exchange Earnings	Vatu billion	14.9

Net Foreign Exchange Earnings	Vatu billion	10.4
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Source: 2007 Sample Surveys/Consultants Estimates

1. INTRODUCTION AND BACKGROUND

INTRODUCTION

This Report summarizes the outcomes from the initial MCA Baseline Tourism Survey; the contents of this Report provide an overview of the Survey methodology and work conducted, tourism trends in Vanuatu and the findings and recommendations which emerge from the Baseline Survey. The contents are designed to meet the reporting requirements contained within the Terms of Reference for the assignment (Appendix I).

BACKGROUND

The Government of the Republic of Vanuatu has received a grant from the Government of the United States of America through the Millennium Challenge Corporation (MCC) to support a five-year Program of investments in the Transport Sector, aimed at facilitating poverty reduction through economic growth.

The Program is designed to reduce poverty through infrastructure development. Specifically the improvements in physical infrastructure are expected to increase economic activity in the productive sectors and specifically in the tourism sector.

At the level of the Program Goal the Program ‘aims to reduce poverty in Vanuatu by increasing economic activity and the incomes of men and women in rural areas, where 80% of the population resides, through the amelioration of transport infrastructure.’

By focusing on one of the principal factors constraining private sector development and access to social services, namely poor roads, wharves and airstrips in the outer islands, the program intends to reduce the transport costs of doing business in Vanuatu. By reducing transportation costs, the program expects to stimulate agricultural and tourism activity in the rural and outer islands, thereby contributing to the program goal of increasing incomes.

The cost of the MCA program is \$65.69 million over five years, focused on both the reconstruction of roads, wharves, warehouses and airstrips. The program also includes activities related to institutional strengthening, monitoring and evaluation, financial management and procurement management.

The Project Monitoring and Evaluation Plan identifies the requirement for a comprehensive tourism survey to be undertaken to establish baseline data for the tourism indicators in the Plan and then to track changes in the industry over time to assess the Program's impact on the tourism sector.

In line with this requirement, TRIP Consultants have been contracted by the implementing agency MCA Vanuatu, to undertake a tourism survey in two stages; an initial Baseline Survey and Final Survey at the end of the Program.

Specifically the Terms of Reference outlines that *'The Baseline Survey will collect data in three areas: tourism expenditure, tourism employment, and income from tourism (value-added for businesses and household income). Overall, the data collected will measure the industry's current contribution to Vanuatu's economy and household welfare, track over time how that contribution changes, and, given the nature of the MCA program, examine how changes in transport infrastructure and services effect the development of the tourism industry and the income and employment derived from it.'*

The Terms of Reference identifies that the Tourism Survey will specifically measure and analyse:

- Tourism Income
- Tourism Expenditure
- Income From Tourism
- Transport Issues

In addition the TOR indicates that *'the Consultant should use this and other existing tourism data to produce data and analysis of tourism's impact on household income and the economy as a whole.'*

2. BASELINE SURVEY METHODOLOGY

INTRODUCTION

This Tourism Survey project commenced on 11th June 2007 and is being undertaken in two Phases, namely:

- Phase One – Baseline Survey - June 2007 – June 2008; and
- Phase Two – Final Survey - January 2010 – December 2010.

A series of five surveys is being undertaken during both Phases to gather tourism expenditure, income, employment and transport data in Vanuatu. The main surveys consist of:

- An international visitor survey
- A domestic tourism survey
- A yacht visitor survey
- A cruise shipping visitor survey
- A local tourism business survey

QUESTIONNAIRE DESIGN AND PILOTING

A series of five questionnaires were designed for self completion by respondents and to elicit the required information on expenditure, employment, income and transport issues. The draft questionnaires were discussed with the PMU and MCC; comments were received from MCA on each of the questionnaires and the specific points raised were incorporated into each of the final questionnaires. Pilot testing was then undertaken on a sample of the final draft questionnaires in Port Vila. Pilot responses were analysed and minor adjustments made to the questionnaires to reflect the outcomes from the pilot testing. A further pilot test was undertaken on the questionnaires and final adjustments made to ensure accuracy of wording, ease of interpretation and logical response. Final questionnaires (Tourism Business and

Domestic Tourism) were translated into Bislama to facilitate response by Ni-Vanuatu. Copies of the final five questionnaires are attached as Appendix II.

SAMPLING AND RESPONSE

Experienced enumerators were recruited using the National Statistics Office network; both Francophone and Anglophone enumerators were recruited and trained in the relevant survey process.

A sampling framework was devised and endorsed by MCA based on the sample sizes proposed within the Consultants' proposal to undertake the Project as follows:

Table 1: Proposed Sample Sizes – 2007 Baseline Survey

Survey	International Tourism Survey Port Vila Santo		Domestic Tourism Survey	Yacht Tourism Survey	Cruise Tourism Survey	Tourism Business Survey
Sample Size	1,500	100	200	30	750	100

Sample sizes were determined by reference to previous tourism surveys in Vanuatu¹ as well as the available budget and MCA requirements. Santo was included in the International Tourism Survey as the second international port of entry.²

A brief summary of the methodology for each survey is outlined below.

International Tourism Survey

The International Tourism Survey was conducted in the departure lounge at Bauerfield (Efate) and Pekoa (Santo) Airports. The survey was undertaken in four periods between 6th August 2007 and 1st March 2008 (see table below). The

¹ 2004 Visitor Survey Report – Vanuatu National Statistics Office and 1997 Visitor Survey Report – Vanuatu National Statistics Office

² Santo services commenced with two flights a week from Australia in June 2007 but were reduced to one per week in August 2008; this compares with 24 international flights a week to Port Vila.

questionnaires were self completed by the respondents, but distributed and checked by the team of two enumerators. Respondents were selected through intercept, after they had cleared customs and immigration facilities, with every second travel party targeted³.

Details in regard to refusals and passenger numbers on each flight were also recorded (Appendix III A). The overall refusal rate was approximately one in every ten parties approached. No major issues were identified with the intercept methodology, although the late opening of the Immigration facilities reduced the number of surveys conducted for each flight; additional flights were therefore surveyed to achieve the targeted sample size.

The table below indicates the timing of each period and the total questionnaires collected for each one.

Table 2: International Visitor Survey: Survey Periods and Responses

Survey Period/ Dates of Survey	Bauerfield Responses	Pekoa Responses	Total Responses
Period One – 6 th August – 31 st August 2007	284	7	291
Period Two – 1 st October – 31 st October 2007	391	31	422
Period Three – 18 th November – 16 th December 2007	432	27	459
Period Four – 4 th February – 1 st March 2008	435	20	455
	1542	85	1627

A total of 1,627 questionnaires were collected for the International Survey, compared to the targeted sample of 1,600.

Cruise Ship Passenger Survey

³ In the first survey period one in every three travel parties was targeted but this was adjusted after consultation with MCA, due to reduced opening of the departure lounge due to the late opening of immigration facilities.

The Cruise Ship Passenger Survey was undertaken between 16th September 2007 and 2nd March 2008. Surveys were conducted within the ‘Secure Area’ on the main wharf in Port Vila and an intercept method used targeting every third passenger group. Surveys were handed out (with every third travel group targeted) and checked by the team of two enumerators. A total of 751 questionnaires were collected during the survey period (against a target of 750). A record of refusals was also maintained and these are presented as Appendix III B.

Tourism Business Survey

The Business Survey was emailed out using the Vanuatu Tourism Office database of approximately four hundred and twenty seven companies operating in the sector in Vanuatu. Follow up emails and telephone interviews were undertaken between September 2007 and February 2008, to increase the response rate to the targeted level. A total of 103 questionnaires were completed within the survey period, against an original target of 100.

Yacht Survey

The Yacht Survey was undertaken from September 2007 to February 2008. A total of twenty seven questionnaires were collected (out of the target of 30). Questionnaires were distributed at key locations in Port Vila but due to the seasonality of visitation few responses were received after October 2007, (due to the onset of cyclone season); this high level of seasonality will need to be addressed in Final Survey implementation

Domestic Tourism Survey

The domestic survey was undertaken between September and December 2007, with 202 questionnaires collected out of an original target of 200; samples were collected from the domestic departure lounges of the airports on Efate, Tanna and Santo. The surveys were conducted in the departure area of the domestic airports,

after passengers had checked in, with every third travel group targeted. Questionnaires were self completion, but handed out and checked by the enumerators.

Tour Operator Interviews

Approximately five (out of a total of nine listed on the VTO database) inbound operators were also interviewed in February 2008. A total of 23 completed questionnaires were also received (out of a total of 103) from tour/inbound operators under the Business Survey

CONFIDENCE LEVELS OF THE SURVEY RESULTS

Questions Giving Proportions

The convention in indicating the level of accuracy of the sample is to use the 50% percentage to determine the confidence interval.

For our samples, the following are the general confidence intervals for questions giving proportions/ percentages (in effect yes/no answers).

Table 4: Baseline Survey – Sample Sizes and Confidence Levels

Sample	Sample Size	General Confidence Interval
Departing Air Passengers at Bauerfield Airport, Efate	1542	+/- 2.5 percentage points
Departing Air Passengers at Pekoa Airport, Santo	85	+/- 11 percentage points
Domestic Air Passengers	202	+/- 7 percentage points
Yacht Passengers	27	+/- 19 percentage points
Cruise Passengers	751	+/- 4 percentage points

As an example, the above data for the Bauerfield Airport Survey indicates that the proportion of 50 percent (answering ‘yes’) in the sample will lead to the conclusion that the proportion of the population (that will answer ‘yes’) will lie between 47.5 percent and 52.5 percent with a 95 percent confidence level.

The key assumptions are a 95 percent confidence level using the Normal Distribution and assuming a random sample. The mathematics of probability shows that the size of the population is not relevant unless the size of the sample exceeds a few percent of the total population being examined.

Questions Relating to Continuous Variables

For continuous variables the confidence intervals vary according to the responses to the particular question. At 95% confidence level (using the Normal Distribution) the confidence interval is calculated by 1.96 times the Standard Error of the sample. This figure is then divided by the sample statistic to give a percentage relationship between the sample statistic and the population parameter at 95% confidence level, often described as the Relative Sampling Error, and it has a percentage relationship with the sample statistic, and not a percentage point relationship. So an answer of 10 from the sample (a sample statistic) with a 10% relative sampling error indicates that the population parameter will be between 9 and 11 at a 95% confidence level.

It should be noted that the mathematics of probability do not apply to the Business Survey because it is not a random survey. The sample statistics from the Business Survey have to be seen as ‘indicative’.

DATA REVIEW AND INPUT

Questionnaires were reviewed for completeness and monitored for accuracy of recording. Incomplete questionnaires were analysed to ensure that there was no design fault that could be rectified. Non response rates were also analysed to ascertain refusal rates for the International Visitor and Cruise Ship Surveys. Refusal rates were approximately 10 percent and 36 percent respectively with the higher refusal rate for the Cruise Ship Survey being attributed to late passenger arrivals at the wharf and a less controlled interview environment than at the international airport departure lounge. Questionnaires were then assigned a unique code for identification and verification purposes.

A final quality audit was undertaken to ensure that there were no anomalies in the database. This included inserting validation rules into the fields to prompt for unusual values and setting skips (‘IF’ statements) to avoid unnecessary entry of

values to questions which were not applicable. In cases which were highlighted through the validation process, individual questionnaires were manually checked and verified for the correct values.

Currency conversion into local currency (Vatu), were undertaken based on the month of completion (resulting in an average based on the month of completion), using the official average monthly rates supplied by the Government of Vanuatu through the Department of Rates and Taxes. The monthly exchange rates used are attached as Appendix IV.

The questions were pre-coded and additional coding was used for the open ended questions and incorporated into the data entry process. A list of these additional codes is provided as Appendix V.

A database was created in Microsoft Access for conversion to SPSS. The database was reviewed and tested prior to the commencement of data entry.

Data input was undertaken in batches at the completion of each survey (or period). Batches and questionnaire numbers were cross checked for consistency as part of the quality control process. As a further quality control measure, sample results were also checked and the boxplots of ‘outliers’ were rechecked manually to ensure that the sample means were correct.

3. TOURISM IN VANUATU

VANUATU TOURISM TRENDS

In 2007 Vanuatu received 81,345 visitors, an increase of 19 percent on the previous year. Holiday arrivals also increased from 53,030 in 2006 to 63,325 in 2007, an increase of 19 percent over the same period. Visitor arrivals have increased significantly over the last four years at an average rate of 15 percent per annum, with holiday visitors growing at a faster rate of 16 percent per annum. With the introduction of new aircraft and additional capacity on both domestic and international routes in 2008, this trend appears likely to continue.

The table below illustrates the trend in arrivals for the last five years:

Table 5: Vanuatu Visitor Arrivals: 2003 – 2007

Segment	2003	2004	2005	2006	2007	% Change
Holiday	38924	46805	47865	53030	63325	62.7
VFR	3887	4593	4451	5061	6161	58.5
Business/ Conference	6746	7686	8411	9312	10837	60.6
Other	843	1527	1355	776	1022	21.2
Total	50400	60611	62082	68179	81345	61.4

Source: Vanuatu NSO

Vanuatu has a relatively high level of repeat visitation; according to the 2004 Vanuatu Visitor Survey of those who come on holiday approximately 29 percent are repeat visitors, indicating that the level of visitor satisfaction is relatively high.

Australia dominates arrivals to Vanuatu and accounts for 58 percent of the market, followed by New Zealand (17 percent), New Caledonia (10 percent), Europe (5 percent) and then North America (3 percent).

Table 6: Vanuatu Visitor Arrival by Nationality: 2007

Nationality	Number	%
Australian	47,474	58.4
New Zealand	13,620	16.8
New Caledonia	8,475	10.4
Europe	3,785	4.7
North America	2,579	3.2
Japan	745	0.9
Other Pacific	2,900	3.6
Other/not stated	1,769	2.2
Total	81,345	100

Source: Vanuatu NSO

Vanuatu is less seasonal than many other destinations; however the seasonality that occurs tends to follow the pattern of school holidays in Australia and New Zealand (due to the dominance of these markets). The lowest months for visitation are generally February through to March, but this is influenced by the timing of Easter holidays.

Table 7: Vanuatu Visitor Arrivals By Month: 2007

Month	Number	%
January	6,479	8.0
February	4,234	5.2
March	5,768	7.1
April	6,329	7.8
May	5,842	7.2
June	6,636	8.2
July	9,302	11.4
August	7,076	8.7
September	8,304	10.2
October	6,786	8.3
November	6,869	8.4
December	7,720	9.5
Total	81,345	100

Source: Vanuatu NSO

Outer Islands Tourism

The 1997 Vanuatu Visitor Survey indicates that approximately 32 percent of visitors travel to one or more of the outer islands of Vanuatu; the total visitors to outer islands from overseas is estimated at 18,356 in 2000 and 18,941 in 2004⁴.

In addition local residents travel to the outer islands for a variety of purposes including visiting friends and relatives, business and holidays. No up to date statistics on domestic tourism trips are available.

4. KEY FINDINGS OF THE BASELINE SURVEY

⁴ No figure is available for the 2004 Survey; this estimate is based on the 1997 percentage who visited outer islands, but applied to the 2004 total arrivals figure.

GENERAL

The five individual surveys have been undertaken to establish baseline data, which focuses on tourism expenditure, income from tourism, tourism employment and transport issues. The baseline year has been established as the Year 2007.

The findings on each of the individual surveys are set out in the following sub-sections with an emphasis on providing a ‘Baseline Figure – Year 2007’ against which estimates for future years can be measured.

More detailed findings and the relevant statistical tables from the five sample surveys are provided in the attached Appendices (Appendix VI A to Appendix VI E).

TOURISM EXPENDITURE

Introduction

Tourism expenditure in Vanuatu comes from a number of different sources, including

- International visitors coming by air (Appendix VIA and VIB)
- International visitors arriving by cruise ships (See Appendix VIC)
- International Yachtsmen (See Appendix VID)
- Domestic tourists visiting islands other than their own island (See Appendix VIE)

The sample surveys undertaken addressed each of these different segments with a view to finding out how long respondents stayed, how much they spent, and what did they spend their money on in Vanuatu.

These sample survey statistics were then used to reach estimates of the ‘population/universe’ being sampled; for example, all cruise visitors in the Year 2007 and all international tourists arriving by air in 2007. As an example, the total

expenditure calculations for the parameter applicable to the ‘population/universe’ resulted from the average spend per day (sample statistic) times average length of stay (sample statistic) times annual number of tourist arrivals (population parameter).

Estimates of expenditure in relation to each segment (survey) were estimated using the formula below:

Total Visitors multiplied by the Average Length of Stay multiplied by the Average Daily Expenditure = Total Visitor Expenditure

International estimates for expenditure using this formula, for each of the segments surveyed (International Air, Cruise Ship, Yacht and Domestic) are set out in the table below.

Table 8: Estimates of Tourists, Length of Stay, Average Daily Expenditure and Total Visitor Expenditure

Segment	Tourists 2007	Average Length of Stay (days)	Average Daily Expenditure (Vatu)	Estimated Total Direct Expenditure (Vatu Billion)
International Air	81,345	7.7	15,542	9.735
Cruise Ship	85,922	1.0	20,160	1.732
Yacht	924	59.6	4,711	0.265
Domestic	75,000	10.1	3,920	2.969

Source: 2007 Tourism Survey and NSO Statistics

Total Tourism Expenditure

Total Tourism Expenditure in Vanuatu is estimated to be approximately Vatu 17.9 billion of which approximately Vatu 14.9 billion is by international tourists, either paid directly or paid on their behalf by tour operators, cruise agents, or other travel agents. These figures exclude payments for international air fares, some of which will come into Vanuatu through Air Vanuatu.

Table 9: Estimated Tourist Expenditure 2007

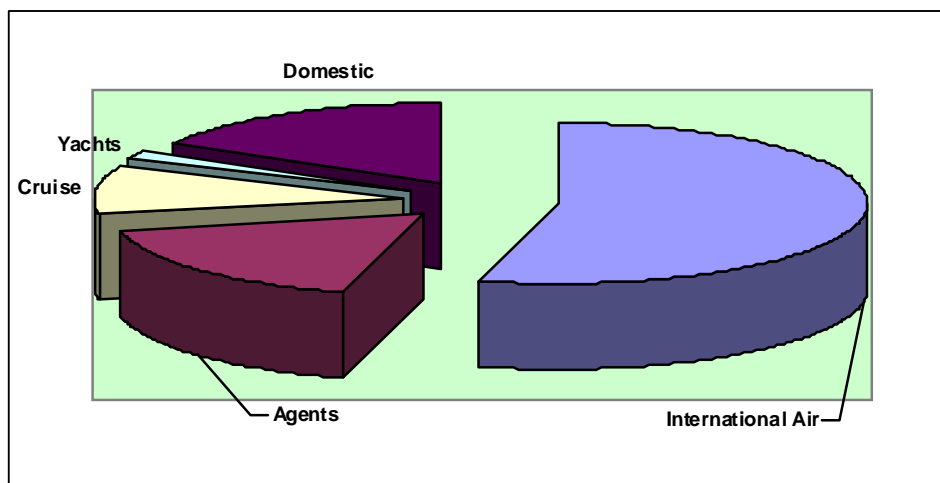
Segment	Total Spend Vatu Billion	Percentage
International Air Tourists	9.735	54.5
Cruise Visitors	1.732	9.7
Yacht Visitors	0.265	1.5
Domestic Tourism	2.969	16.6
Total Direct Expenditure	14.701	82.4
Agents on Behalf of Tourists	3.150	17.6
Total Expenditure	17.851	100

Source: Derived from 2007 Tourism Survey

The ‘Baseline Figure – Year 2007’ for Total Tourist Expenditure is estimated to be Vatu 17.85 billion.

The ‘Baseline Figure – Year 2007’ for International Tourism Expenditure is estimated to be Vatu 14.7 billion.

The breakdown of the contribution to total tourism expenditure by individual segment is illustrated in the figure below.

Figure 1 – The Contributors to Total Tourist Expenditure in Vanuatu

Tourist Spending on the Islands - Efate, Tanna, Santo and Malekula.

A broad estimate of the tourist expenditure in the islands other than Efate has been undertaken for the international tourist market. Approximately 90,000 nights out of a total of 626,000 nights were spent in islands other than Efate (i.e. 14 percent). However daily expenditure was approximately 16 percent lower. It can therefore be estimated that approximately 12 percent of total international air tourist expenditure took place in islands other than Efate. This gives a total figure of approximately Vatu 1.5 billion, out of Vatu 12.6 billion. To this figure can be added the international tourist expenditure by yacht visitors and by cruise visitors in the outer islands.

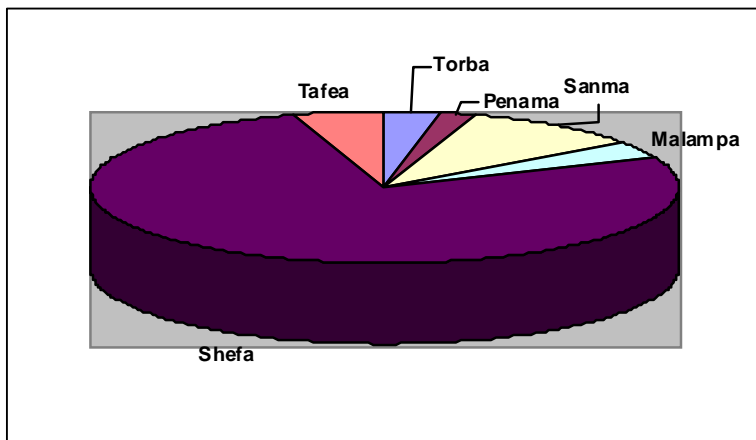
Approximations of these figures have been made from the sample numbers who indicated that they visited other islands, how many nights they spent there, and how much they spent per day. These figures are illustrated in the table below. All these are sample statistics for the Outer Islands that have been multiplied by each other and added together, consequently the relative sampling error for the final total is not known but is likely to be in the order of greater than +/-50%.

Table 10: Expenditure in Efate and Other Islands of Vanuatu 2007 (Vatu billion)

Segment (Direct and Agent Spending)	Spending on Efate Island	Spending on Other Islands	Total Spending	Percentage Total Spending
International Air Tourists	11.059	1.508	12.567	84.4
Cruise Ship Visitors	1.928	0.122	2.050	13.8
Yacht Visitors	0.223	0.042	0.265	1.8
Total	13.210	1.672	14.882	100.0

Source: Derived from 2007 Sample Surveys

The figures in above table for the Outer Islands are very broad approximations. They are not robust enough to be used as Baseline Figures. However they are broadly in accord with the distribution of tourist accommodation in the Provinces of Vanuatu as shown in the figure below.

Figure 2: Distribution of Tourist Accommodation by Province

Source: Vanuatu National Statistics Office

INCOME FROM TOURISM

Introduction

Total Tourism Expenditure is a key measure of the impact of the tourism industry on the economy of Vanuatu. Tourism Expenditure translates into local value added which in turn translates into local incomes.

The total tourism expenditure has been converted into value-added using:

- Total Tourism Expenditure Figures from the various sample surveys
- Estimates of value added from the Business Survey
- The National Accounts data from the National Statistical Office

In order to reach value-added, it has been necessary to break down the tourist expenditure into different components which relate to different economic activities.

Table 11: Value Added by Total Tourist Expenditure 2007 – Vatu Billion

Category of Spending	Total Tourist Expenditure	Value Added as a % of tourist expenditure	Value Added
Accommodation	6.793	40.8%	2.771
Meals and Drinks	2.584	40.8%	1.054

Taxis	0.497	46.0%	0.228
Buses	0.194	46.0%	0.089
Car Rental	0.233	46.0%	0.107
Local Boats	0.320	46.0%	0.147
Tours and Activities	2.009	44.9%	0.903
Entertainment and Recreation	0.600	49.9%	0.300
Local Shopping	2.181	55.1%	1.201
Duty Free Shopping	1.180	46.0%	0.543
Other	1.196	49.9%	0.597
Boat Maintenance	0.040	40.0%	0.016
Fuel	0.023	20.0%	0.005
TOTAL	17.85		7.96

Source: Derived from 2007 sample surveys, National Accounts, NSO

Total Income from Tourism

The table above provides an indication of the incomes accruing from the Total Tourist Expenditure.

Value-added is defined as gross operating surplus plus wages and this broadly equates with Gross Domestic Product and Local Incomes.

Value added was calculated from estimates of the business operations of the sampled companies that are described as labour costs (compensation of employees) and gross operating profits (gross operating surpluses).

From the sample, value added varies between 40.8 percent and 55.1 percent according to the different types of business.

Table 12: Value Added According to Different Types of Businesses

Items as percentage of gross revenue	Type of Business					Total
	Hotel/ Accommodation	Tour operator/ Inbound operator	Other transport	Retail/ shops	Other services	
Gross Operating Profit%	16.2	17.7	20.5	21.4	15.5	17.7
Labour Cost (%)	24.6	27.2	25.5	33.7	34.4	27.1

Value Added %	40.8	44.9	46.0	55.1	49.9	44.7
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Source: Tourism Business Survey 2007/08

The Total Tourist Expenditure of approximately Vatu 17.9 billion translates into approximately Vatu 8 billion in direct value added.

For the purposes of the ‘Baseline Figure – Year 2007’ we estimate that approximately Vatu 8 billion is the direct local income generated by tourism spending (international and domestic).

Multiplier Effects

The ‘multiplier effect’ of tourism spending can be considered as ‘for every dollar spent, how much additional spending is generated as a result’. Essentially this involves capturing the additional spending within the Vanuatu economy by the suppliers who provide Intermediate Consumption. By extracting out the value added in this Intermediate Consumption, we estimate that that the multiplier effect for Vanuatu equates to an additional Vatu 2.3 billion. The direct plus indirect local incomes (value added) are therefore estimated at approximately Vatu 10.2 billion.

For the purposes of the ‘Baseline Figure – Year 2007’ we estimate Vatu 10.2 billion as the direct plus indirect local incomes generated by tourism spending.

The Beneficiaries of Tourist Spending

The beneficiaries of tourism spending within Vanuatu are the businesses that deal directly with tourists (e.g. hotels) and also the businesses that supply/ service the businesses in such direct contact. Clearly the owners and directors of such businesses benefit substantially. There are some 427 businesses in Vanuatu that are directly involved in tourism.

In addition the employees who work in such businesses receive a monetary income and can be identified as key beneficiaries. As shown later (under Employment), there

are around 3,300 fulltime employees and 1,400 part-time employees (as equivalents) attributable to the tourist spending.

The Government of Vanuatu is also a significant beneficiary from tourism expenditure; the Government benefits from a range of direct taxes and user fees levied specifically on the tourism sector, but also from other taxes and licences including VAT and business licences.

TOURISM EMPLOYMENT

Employment and jobs are key statistics in terms of measuring the importance of tourism. Our sample survey of tourism businesses gave a sample statistic of 1,483 full time employment equivalents (FTEs).

The table below illustrates the various levels of employment by the businesses included in the Business Survey.

Table 13: Employment in the businesses in the sample by the type of business

Employment	Hotel/ Accommodation	Tour operator/ Inbound operator	Other transport	Retail/ shops	Other	Total
Full Time	615	206	145	98	185	1249
Part-time	182	92	25	35	205	539
FTE ⁵	61	31	8	12	68	180
Expatriate	48	4	0	0	2	54
Total FTE	724	241	153	110	255	1483
Breakdown	48.8%	16.2%	10.3%	7.4%	17.2%	100.0%
Part-time as % Full-time	29.6%	44.7%	17.2%	35.7%	110.8%	43.2%
Expatriate as % FTE	6.6%	1.7%	0.0%	0.0%	0.8%	3.6%

Hotel employment makes up around half the total of Tourism employment and then to a much smaller extent is made up by tour operators and transport operators.

The principal difficulty in estimating employment generated by tourism is that employment is not an easily divisible unit that can be added up in different ways as can be done with expenditure. The bank employee who spends 10 percent of his/her

⁵ FTEs estimated at three part time to one full time job

working time dealing with tourism and 90 percent dealing with non-tourism activities could be described as an 0.1 full-time job equivalent in tourism, but this is not a feasible way to obtain such statistics.

The most reliable method for estimating employment in the tourism sector is to take the sample statistics of 1,483 FTEs and multiply by the ratio between Total Tourist Expenditure in Vanuatu (approx Vatu 18 billion) and the turnover in the sample (approx Vatu 7 billion); in other words multiply 1,483 jobs by 2.57. This gives a figure of approximately 3,800 FTEs generated by tourism spending. This method is considered to be suitable for the establishment of a Baseline figure on employment.

Therefore using this methodology it is estimated that the 'Baseline Figure for Year 2007' is 3,800 FTEs in the tourism related industries. Dividing this into full-time and part-time jobs would give a figure of around 3,300 full-time jobs and around 1,400 part-time jobs, making a total of 4,700 jobs.

Informal Employment

There have been a number of income and employment surveys by the National Statistical Office and one of these provides detailed estimates of informal employment (See Appendix III F). In the year 2000 informal employment (outside of farming) was some 42 percent of the level of formal employment. Many of these informal workers were concerned with activities that would touch upon tourists e.g. retail, handicrafts etc. Such informal employment could potentially push the direct jobs (full-time equivalent) figure over 5,000 for tourism. This would increase the employment by 32 percent but this is just an 'indicative' figure. The informal employment estimate comes primarily from the Informal Sector Survey 2000 by the National Statistical Office.

Employment in Islands Outside of Efate

It is likely that employment will broadly follow the level of tourist expenditure in Efate and in Other Islands. It would be possible to apply a similar ratio to total employment to obtain a very broad order of magnitude of employment in Other

Islands, although such figures should be used with caution due to the limited data available. The table below summarises employment by island based on the responses from the Business Survey.

Table 14: Employment in the Businesses Sample by the Island

	EFATE	SANTO	MALEKUL A	TANNA	OTHER	Total	
Full Time	1009	140	2	68	30	1249	
Part-time	295	66	5	25	148	539	
FTE	3.0	98	22	2	8	49	180
Expatriate	48	4	0	0	2	54	
Total FTE	1155	166	4	76	81	1483	
Breakdown n	77.9%	11.2%	0.2%	5.1%	5.5%	100.0%	
Part-time as % Full-time	29.2%	47.1%	250.0%	36.8%	493.3%	43.2%	
Expatriate as % FTE	4.2%	2.4%	0.0%	0.0%	2.5%	3.6%	

Source: Tourism Business Survey 2007/08

Tourism employment is focused upon Efate Island, then to a much smaller extent upon Santo and then to a smaller extent again, upon Tanna and upon Other Islands.

TRANSPORT ISSUES

Introduction

International visitors indicate that they are keen to travel around Vanuatu and around the main destination island of Efate (See Appendix IIIG). Consequently domestic transport is of major significance in relation to visitor patterns and expenditure distribution.

Visits to Different Parts of Efate by Tourists

For international tourists, some 59 percent indicate that they travelled to other parts of Efate. For Cruise Visitors and for Yacht Visitors the respective figures were 40 percent and 63 percent. Yacht visitors are using normal land transport for their visits within Efate. The percentages visiting key locations in Efate were as follows:

Table 15: Visits by International Tourists to Different Sites on Efate

Sites	Air Tourists	Cruise	Yacht
	Percent	Visitors Percent	Visitors Percent
Hideaway Island	33	10	33
Mele Cascades	28	14	26
Round Island Tour	20	10	26
North Efate/Havannah Harbour	13	1	0
Other sites	22	11	11

Source: 2007 Sample Surveys

In addition to the above, there were a whole range of sites quoted under ‘Other Sites’ as being visited by tourists (See Appendix IIIG). Clearly international tourists to Vanuatu want to see different sites and attractions during their stay, with subsequent potentially positive impacts in terms of rural income generation.

Tourism Expenditure on Transport

Tourists spend a substantial amount on transport related activities. The key activity is tours. However taxis, buses, car rental and local boat tours are also exceptionally important as economic activities. The table below indicates the estimated level of tourism expenditure in 2007 by different mode of transport.

Table 16: Tourist Expenditure on Different Types of Transport Related Activities 2007
(Vatu million)

Transport Activity	Total Tourist Expenditure Vatu Millions	Percentage of Direct Tourist Expenditure
Taxis	497	3.4
Buses	194	1.3
Car rental	233	1.6
Local Boats	320	2.2

Tours and Activities ⁶	2,009	13.7
Boat Maintenance	40	0.3
Fuel	23	0.2
Total	3,317	22.6

Source: Derived from 2007 Sample Surveys

Supporting these economic activities with appropriate infrastructure will therefore be critical in order to support the future development of the tourism sector and a wider geographic distribution of the benefits. .

Visits to Other Islands

As well as travelling within Efate, air tourists are keen to see other islands. Some 22 percent of the sample visited these other islands. Some visited more than one other island. Similar percentages for cruise visitors and yacht visitors are 16 percent and 74 percent. Cruise visitors are travelling on their respective cruise ships and yacht visitors are using their yachts for visiting the other islands. Percentages visiting individual islands are shown in the table below.

Table 17: International Visitors Travelling To Other Islands

Island	Air Tourists Percent	Cruise Visitors Percent	Yacht Visitors Percent
Santo	10	13.6	30
Tanna	12	0.0	44
Malekula	2.3	9.1	48
Ambrym	1.7	n/a	46
Pentecost	0.6	n/a	n/a
Ambae	1.1	n/a	n/a
Mystery	n/a	0.7	n/a
Others	3.6	0.7	41

Source: 2007 Sample Surveys

Transport Costs

⁶ The term ‘Tours and Activities’ was left open to the interpretation of the respondents, although it is likely that as the question relates to expenditure he/she will have perceived it as commercial arrangement or organised tour.

The Business Survey identifies how significant the issue of transport costs might be to the various tourism-related businesses.

Fuel and Transport Costs are seen as substantial cost items for the tourism businesses surveyed; fuel is not only used for transport but is also used for power generation, particularly by resort operators.

Table 18: Fuel and Transport Costs for Businesses 2007

Sector	Fuel and Transport Costs as Percentage of Turnover	Percentage Not Sourced Locally
Hotels and Accommodation	31	58
Tour Operators	25	53
Other Transport	12	37
Wholesale/Retail	4	100

Source: 2007 Sample Surveys

The figures from the sample in the table above, need to be treated with caution because the frequencies are not large, and they should not be used for carrying out further calculations. The percentage ‘not sourced locally’ is dependent upon the respondent’s interpretation of ‘local sourcing’. The percentage of ‘fuel and transport costs’ is also dependent upon the respondent’s interpretation of ‘fuel and transport’.

The interpretation that can be put upon these figures is that transport and fuel costs are seen as significant costs for tourism operators. Not surprisingly most of these costs cover items that have to be imported. However, the efficient and effective use of these resources (fuel and transport) in the future, will provide significant benefits for the tourism sector and the local Vanuatu economy as a whole.

OTHER FINDINGS

Tourism’s Contribution to GDP

Based on the results of the surveys we estimate that the Contribution to GDP from tourism (direct plus indirect) is approximately 20 percent. This derives from the estimates of Value Added (direct plus indirect) of Vatu 10.2 billion (see previous

paragraphs under Multiplier Effect), against an estimated GDP of Vatu 50 billion for the Year 2007. The National Accounts for 2007 have not yet been completed but we have estimated the GDP will be around Vatu 50 billion in 2007. This figure of Vatu 50 billion is a Consultant’s estimate based upon the National Account Statistics, the Government Budget and discussions with the National Statistical Office (National Accounts estimates of GDP for the years 2001 – 2006 are illustrated in Attachment 1 Appendix VIH).⁷

Leakage

‘Leakage’ or its opposite ‘Retention’ tends to revolve around: -

- Bringing in goods and services from outside of Vanuatu as part of normal operations
- Remissions of salaries by expatriate workers in the industry
- Remission of Profits by overseas investors

Each of these is discussed below.

Imports and Goods and Services

The sample gave an indication of the goods and services that they needed to source outside of local sources.

Table 19: Import Support for Operations – By Type of Business

	Hotel/ Accommodation	Tour operator/ Inbound operator	Other transport	Retail/ shops	Other services	Total
Intermediate Consumption (IC) as a percentage of gross revenue	59.2	55.1	54.0	44.9	50.1	55.3

⁷ In making the estimate of GDP for 2007 the following were consulted ; the Government Budget, The Department of Economic and Social Development and the National Accounts Section in the NSO. The estimate of 50 Billion GDP was discussed with NSO National Accounts section and considered to be the most realistic at the time of calculation (April 2007).

Import as % of IC	49%	49%	26%	24%	43%	49%
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Source: 2007 Business Survey

The sample indicates a relatively high level of support from sources outside of Vanuatu. This reflects the modest scale of the Vanuatu economy. The principal economic impact is that money used for imports that could have circulated within the Vanuatu economy now circulates within the economy supplying the necessary goods and services.

The overall implication is that, according to the sample, about 27 percent of gross revenues from tourism has to be used to bring in goods and services from overseas for normal operations.

Remissions of expatriate salaries

According to the sample, the numbers of expatriates concerned with tourism is only about 3.6 percent of the tourism workforce. Mostly they are management level/ specialist level/ owners of businesses. There are no significant numbers of low-cost expatriate workers as occurs, say, in the Middle East or in London. Some of the expatriates will be remitting parts of their salary overseas, but overall it looks unlikely that this will exceed 1 percent of gross revenues from tourism.

Remissions of profits to overseas investors

According to the sample, the breakdown between businesses with majority of Vanuatu shareholders and businesses with the majority of foreign shareholders is 54:46 when viewing the control over gross revenues/ turnover.

Since typical gross operating profits are only 18 percent of gross revenue to meet all financial charges, there appears to be relatively modest scope for remitting profits to overseas shareholders in the businesses. The maximum potential might be 1 or 2 percent of gross revenues. Of course, this can always change from year to year.

For the purposes of the ‘Baseline Figure for Year 2007’ we estimate that the leakage factor is approximately 30 percent (ie 27 percent (imports) plus 1 percent (expat remissions) plus 2 percent (profit remissions)).

Clearly there would be positive local impacts if this figure could be reduced. This will be a challenge for the Vanuatu economy, but the opening up of new areas with infrastructure improvements (notably roads) will help to achieve this by encouraging increased production for the local market and increased tourism supplies for local tourism businesses. (See Business Survey – Appendix VIH)

Foreign Exchange Earnings

International tourism spending within Vanuatu is estimated to be approximately Vatu 14.7 billion in 2007, both direct expenditure by tourists and expenditure on behalf of tourists by tour operators etc. This represents the gross foreign exchange earnings for Vanuatu from tourism. With a 30 percent leakage, it can be estimated that the net foreign exchange earnings are approximately Vatu 10.3 billion. We estimate these as the key baseline figures for foreign exchange earnings associated with international tourist expenditure.

SUMMARY OF THE BASELINE FIGURES

The main Baseline Measures estimated from the results of the 2007 Tourism Survey are summarised in the table below.

Table 20: Summary of Baseline Figures - 2007

Item	Units	Baseline Figure 2007
Total Tourist Expenditure	Vatu billion	17.85
Total International Tourist Expenditure	Vatu billion	14.88
Direct Value added/ Local incomes deriving from Tourist Expenditure	Vatu billion	7.97
Direct + Indirect Value added/ Local incomes deriving from Tourist Expenditure	Vatu billion	10.2

Employment	Full Time Equivalents	3,800
Contribution to GDP (Direct + Indirect) arising from Tourist Expenditure	Percent	20%
Gross Foreign Exchange Earnings	Vatu billion	14.9
Net Foreign Exchange Earnings	Vatu billion	10.4

Source: 2007 Sample Surveys/Consultants Estimates

5. CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

A number of conclusions can be drawn from the Baseline Survey as follows:

1. Tourism is a vital and significant sector in the Vanuatu economy in terms of income and employment accounting for approximately 20 percent of GDP and 3,800 FTEs.
2. International tourist expenditure is the most important component in terms of economic impact, accounting for 84 percent of the total; international visitors who arrive by air have the highest level of overall expenditure, although cruise ship visitors have the highest level of expenditure per day.
3. International visitation to Vanuatu and tourist expenditure are both highly focussed on the capital Port Vila; international tourists do visit other parts of the main island fairly extensively.
4. Tourist visitation and economic impact on the other islands is limited and mainly focussed on Santo and Tanna.
5. Transportation costs are a significant part of the overall costs of operation for tourism businesses in Vanuatu.
6. The leakage factor for tourism is high at 30 percent, which reflects the small productive base of the Vanuatu economy.

7. The Baseline Survey provides valuable data to not only assist with the Monitoring and Evaluation of the MCA Project, but also to support the development of Vanuatu Government tourism policy and marketing initiatives by both government and the private sector.

LESSONS LEARNED AND RECOMMENDATIONS

In undertaking the Baseline Survey the following issues have been identified and it is recommended that these are considered in the Final Survey:

1. The collection of data for the international tourism survey was hindered by the late opening of the Immigration facilities and hence the departure lounge; this was despite repeated requests from MCA for the Department of Immigration to arrive at least one and a half hours before departure to enable the enumerators to undertake the survey in a timely manner. Additional costs were incurred by the contractor as a result and the Department of Immigration and attempts should be made to have the departure lounge open earlier for the Final Survey.
2. The visitation of yachts to Port Vila, has proven to be highly seasonal, with few visits between November and March; this seasonality issue will need to be addressed in the Final Survey.
3. There has been significant interest in the results of the survey from a wide range of stakeholders, but specifically from the private sector operators in Vanuatu. The results of the Baseline Tourism Survey should be disseminated at a series of presentations for tourism industry stakeholders and incorporated in the planning of the sector by the Government.

MCA VANUATU TOURISM SURVEY BASELINE STUDY 2007 APPENDICES

Appendix I: Terms of Reference

Appendix II: Survey Questionnaires

- **Appendix II A – International Visitor Survey - Questionnaire**
- **Appendix II B – Domestic Visitor Survey - Questionnaire**
- **Appendix II C – Cruise Ship Visitor Survey - Questionnaire**
- **Appendix II D – Tourism Business Survey - Questionnaire**
- **Appendix II E – Yacht Visitor Survey - Questionnaire**

Appendix III: Record of Refusals

- **Appendix III A - International Visitor Survey**
- **Appendix III B – Cruise Ship Visitor Survey**

Appendix IV: Monthly Exchange Rates Used in Currency Conversions

Appendix V: Additional Data Entry Codes

Appendix VI: Key Findings and Tables

- **Appendix VI A – International Air Survey**
- **Appendix VI B – International Air Survey – Santo**
- **Appendix VI C – Cruise Visitor Survey**
- **Appendix VI D – Yacht Visitor Survey**
- **Appendix VI E – Domestic Tourism Survey**
- **Appendix VI F – Background Statistics on Employment**
- **Appendix VI G – Transport Issues**
- **Appendix VI H – Tourism Business Survey**

APPENDIX I – TERMS OF REFERENCE**Millennium Challenge Account – Vanuatu
Terms of Reference****Tourism Survey****1. BACKGROUND****1.1 Introduction**

The Government of the Republic of Vanuatu has received a grant from the Government of the United States of America through the Millennium Challenge Corporation (MCC) to support a five-year Program of investments in the Transport Sector, aimed at facilitating poverty reduction through economic growth. Vanuatu is now beginning the implementation phase, including setting up of performance monitoring and data collection system. The Program, which was developed by the country through a consultative process, is designed to reduce poverty through infrastructure development to enable farmers in rural areas to get their produce to the markets and to foster development of the tourism industry.

The Government of Vanuatu has established an MCA-Vanuatu Unit within the Ministry of Finance and Economic Management to work full-time on implementing and managing the Program. Given that the Compact and supplemental agreements have been signed, MCA-Vanuatu has now become a Project Management Unit charged with the responsibility of implementation and monitoring of the Program.

The Project Management Unit is governed by the Compact and other Supplemental Agreements. One of the main responsibilities of the Unit is to monitor and evaluate the progress of the program, as outlined in the Monitoring and Evaluation Plan. Monitoring and evaluation of the program is essential to measure the economic and social impacts of the program on the population. Monitoring and evaluation activities also will allow both MCC and MCA-Vanuatu to determine whether the program has achieved its goals of increasing income of the rural poor, reducing poverty and increasing employment. In particular, the improvements in physical infrastructure are expected to spur growth in the tourism industry. Consequently, a tourism baseline survey and follow-up survey are needed to establish baseline data for the tourism indicators in the Monitoring and Evaluation Plan and then to track changes in the industry over time to assess the program's impact on the tourism sector.

The assignment will include a baseline survey and a follow-up survey at the end of the five-year program. The survey will collect data in three areas: tourism expenditure, tourism employment, and income from tourism (value-added for businesses and household income). Overall, the data collected will measure the industry's current contribution to Vanuatu's economy and household welfare, track over time how that contribution changes, and, given the nature of the MCA program, examine how changes in transport infrastructure and services effect the development of the tourism industry and the income and employment derived from it.

1.2 The Economy

Vanuatu's economy is small, open, vulnerable and dualistic in nature, in the sense that both the formal and informal sectors play an important role in the economy. Vanuatu's economy is dominated by subsistence farming. Its small size makes it difficult to achieve economies of

scale, resulting in high production costs. This is reinforced by the geographic characteristics of the country. Vanuatu's location makes the country prone to natural disasters such as earthquakes, cyclones, and volcanic eruptions, which place a lot of pressure on government finances due to constant repairs of infrastructure and social services. Given the large role that commodity exports play in the economy, the country experiences further vulnerability due to fluctuations in international commodity prices. As a small, open economy, the importance of agriculture and tourism to Vanuatu's growth is apparent in their current contribution to foreign exchange receipts. Vanuatu's endowment of natural tourist attractions (beaches, volcanoes, and waterfalls) suggests that there is potential for growth in the tourism sector. A substantial percentage of Vanuatu's population are employed in the agriculture and tourism sectors.

The structure of Vanuatu's economy can broadly be summarised by looking at the share of each sector as a percentage of the overall GDP in constant prices⁸. Such a view yields the following for Vanuatu:

- The primary sector represents 17.6% of GDP (in constant prices).
- Industry, including manufacturing, construction, utilities and subsistence construction, represents about 9.2% of GDP.
- 73.2% of Vanuatu's GDP is produced by the services sector, which includes retail trade, hotels and restaurants, transport/communications, finance and insurance, real estate, government services and personal services.

Tourism, defined as foreign tourism and domestic tourism originating largely in Port Vila and Luganville, plays a large role in the service sector. Principally driven by the private sector, the tourism industry has grown substantially in the past few years. Tourism accounted for 40 percent of GDP in 2003. It is estimated that tourism generates some 75 percent of the total foreign exchange earned by Vanuatu, and an estimated 8,000 people are employed in the tourism industry.

Despite having a relatively sound macroeconomic environment, economic development has failed to accelerate in recent years, and economic growth has fallen short of population growth. The government identifies the major constraints to economic development as the lack of a stable investment climate for private sector, a lack of income earning opportunities for a fast-growing population due to the high cost of doing business, and poor access to basic health and education services in rural areas. Private sector growth is limited by costly and unreliable infrastructure, land tenure constraints, and lack of a secured transactions framework. It is envisaged that improvement in infrastructure networks will greatly reduce the cost of doing business and therefore improve the environment for private sector investment, especially in tourism and agriculture.

1.3 Summary of MCA Program

Program Goal: the program aims to reduce poverty in Vanuatu by increasing economic activity and the incomes of men and women in rural areas, where 80% of the population resides, through the amelioration of transport infrastructure.

Program Objectives: by focusing on one of the principal factors constraining private sector development and access to social services, namely poor roads, wharves and airstrips in the outer islands. The program intends to reduce the transport costs of doing business in Vanuatu. By reducing transportation costs, the program expects to stimulate agricultural and tourism activity in the rural and outer islands, thereby contributing to the program goal of increasing incomes.

Program Activities: The cost of the MCA program is approximately \$65 million over five years, focused on both the reconstruction of roads, wharves, warehouses and airstrips. The

⁸ Percentage of overall 2005 real GDP

program also includes activities related to institutional strengthening, monitoring and evaluation, financial management and procurement management.

2. OBJECTIVES

The survey should measure and analyse the following, and the Consultant should use this and other existing tourism data to produce data and analysis of tourism's impact on household income and the economy as a whole.

2.1 Tourism Expenditure

- Review and discuss with relevant government counterparts (Ministry of Finance, National Statistical Office, Vanuatu Tourism Office, Vanuatu Tourism Development Office, Millennium Challenge Account, Vanuatu) current national-level estimates of percent contribution of tourism to GDP, estimated direct and indirect tourism contributions to government revenue and percentage contribution of tourism to foreign exchange receipts, and how those estimates are defined and calculated.
- Estimate total tourism expenditure at the national level, and total tourism expenditure at the local level for the islands of Efate, Tanna, Santo, and Malekula.
- Estimate general leakage and import and export leakage at the national level, and at the local level for the islands of Efate, Tanna, Santo, and Malekula, in tourism spending.
- Estimate the “multiplier effect” of tourism spending, i.e. for every dollar spent, how much additional spending is generated as a result.
- Estimate the beneficiaries of tourism expenditure, disaggregated, as feasible, by gender, income, and other social categories.
- Estimated tourism-related expenditure on transport

2.2 Tourism Employment

- Estimate the number of tourism-related jobs and percentage of people employed in the tourism industry in both formal and informal sectors at the national level, and at the local level on the islands of Efate, Tanna, Santo, and Malekula.

2.3 Income from Tourism

- Estimate average household income from tourism at the local level on the islands of Efate, Tanna, Santo, and Malekula, including informal economic activities and businesses.
- Estimate value-added (defined as profits and wages) from formal tourism businesses.
- Estimate the average transport costs and other key costs of doing businesses in the tourism industry at the national level.
- Estimate key transport costs and other key costs of doing business in the tourism industry at the local level on the islands of Efate, Tanna, Santo, and Malekula.
- Estimate transport accessibility and transport services related to tourism at the local level on the islands of Efate, Tanna, Santo, and Malekula.
- Estimate and analyze the impact of changes in transport costs, transport accessibility, and transport services on changes in tourism-related income and value-added.

2.4 Sampling Methodology

- Develop an appropriate, statistically significant sample size and sampling methodology for each of the survey components outlined above, in consultation with stakeholders such as the Millennium Challenge Account, National Statistics Office, Vanuatu

Tourism Office etc. Sampling methodology also should take into account fluctuations in tourism activity between the high and low seasons, and should be representative of visitor profile and behaviour patterns, particularly nationality. Sample population should include the following:

(i) Tourists:

- Tourists who arrive by Air
- Yachties (tourists who arrive by yacht), and
- Tourists who arrive on cruise ships (excursionists or day visitors should be surveyed if necessary).
- Domestic and other tourists originating in Port Vila or Luganville (users of tourism facilities in those two cities and travellers to other islands).

(ii) Tourism-Related Businesses:

- Hotels and resorts
 - Bungalows
 - Restaurants
 - Recreation facilities such as Golf course
 - Rental Car Agencies
 - Tour Operators(Adventures in Paradise, Horizon Tours)
 - Water sports
 - Game fishing
 - Tourism Organisations (Destination Vanuatu)
 - Flight operators (Air Vanuatu, Air Club, Unity Airlines, Pacific Blue)
 - Shop owners or managers
 - Employees working in the tourism sector, and
 - Informal businesses, including, handicrafts, etc.
- Develop an appropriate sample weighting methodology such that survey results are applicable across the tourism population.

Please note: All definitions of estimates and indicators, sampling methodology, questionnaire and survey instrument development, etc., should be in keeping with best practices on tourism statistics and surveys established by leaders in the field, such as the World Tourism Organization, EuroStat, Statistics New Zealand, and the Australia Bureau of Statistics.

3. SCOPE OF WORK AND TASKS

The assignment includes the following tasks:

Task 1: Initial Assessment and Work-Plan Development

The Consultant shall:

- Be oriented with the MCA program and its monitoring and evaluation component, and understand the role of the tourism-related indicators and targets
- Review all existing statistical and survey work done on tourism in the country to date
- Develop a detailed work-plan and timeline for completing the assignment

Task 2: Survey Design, Planning, and Preparation

The Consultant shall:

- Consult with key government and other stakeholders to get input and feedback on survey design and preparation, including, but not limited to:
 - Vanuatu Tourism Office;
 - National Tourism Development Office;
 - Vanuatu Hoteliers Association;
 - Vanuatu Island Bungalows Association;
 - Tour Operators Association;
 - Vanuatu Chamber of Commerce and Industries; and
 - Ministry of Commerce, Trade and Industries
 - National Statistics Office
- Develop an appropriate sampling methodology, survey design, instruments and questionnaires, and implementation plan in keeping with the survey scope identified above.
- Develop all necessary and relevant survey documentation and manuals, including documentation of all sampling and survey methodology, interviewer training manuals, quality control procedures, data entry manual, codebooks, and other necessary documentation. Specific format and content of these manuals will be agreed upon between MCA-Vanuatu and the Consultant.
- Conduct all relevant pre-testing and revisions on questionnaires.
- Hire and train interviewers.
- Conduct all relevant system testing and other survey preparation.

Task 3: Survey Implementation (Fieldwork, data entry, and data processing)

The Consultant shall:

- Conduct and oversee all relevant fieldwork during all phases of the baseline and final surveys. (For an estimated timeline of specific work phases, see Section 8.)
- Conduct all relevant data quality checks and other quality control procedures in the field to ensure minimum survey error.
- Conduct and oversee all data entry, coding, and data processing.
- Provide interim progress reports during fieldwork to MCA-Vanuatu, including reporting on any non-sampling error or other quality issues that arise and actions taken to address them. (Specific content and format will be agreed between MCA-Vanuatu and the Consultant.)

Task 4: Data Cleaning and Analysis

The Consultant shall:

- Conduct all data editing, cleaning, and imputation of missing values to create a clean data set.
- Conduct analysis on all data collected (Content and methods for such analysis will be agreed upon between the Consultant and MCA-Vanuatu.)

Task 5: Reports

The Consultant shall:

- Provide weekly updates by email, or through another means agreed with MCA-Vanuatu, on the assignment's progress.

- Produce progress reports for each stage of survey including oral presentations during the Baseline and Final Surveys, so that MCA-Vanuatu is informed about survey activities and can provide input and feedback on necessary revisions, quality control, and other issues.
- Produce a report at the end of each phase of work, Baseline and Final Surveys that outlines all results and includes all summary tables. Specific content and format for each report will be agreed upon between MCA-Vanuatu and the Consultant.
- Produce a final report at the end of the Final Survey that covers all results and includes all summary tables of both phases of Survey. Specific content and format for each report will be agreed upon between MCA-Vanuatu and the Consultant.

4. DELIVERABLES

The Consultant will be responsible for submitting the following deliverables. All deliverables must be submitted in English, and in both hard-copy and electronic form, unless otherwise agreed to with MCA-Vanuatu. Deliverables will be submitted according to a timeline agreed to by the Consultant and MCA-Vanuatu during negotiations of the contract and included in the final contract. MCA-Vanuatu will have one (1) week to review the deliverable and notify the Consultant of any questions or concerns, and the Consultant will then make any necessary revisions. The Consultant will provide MCA-Vanuatu and MCC with the final report or deliverable no later than two weeks after the clarification meeting occurs, as outlined below.

Note: The specific content and format of all write-ups and reports will be agreed upon between the Consultant and MCA-Vanuatu.

The deliverables are as follows:

Task 1: Initial Assessment and Work-Plan Development

- Detailed work-plan and timeline for completing the assignment

Task 2: Survey Design, Planning, and Preparation

- Short report on results of assessment of existing tourism statistical work and consultations with government stakeholders on survey design.
- Write-up of sampling methodology, survey design, and implementation plan in keeping with the survey scope identified above.
- Survey questionnaires, including draft questionnaires for comment and feedback from MCA-Vanuatu
- Survey documentation and manuals, including documentation of all sampling and survey methodology, interviewer training manuals, quality control procedures, data entry manual, codebooks, and other necessary documentation. Specific format and content of these manuals will be agreed upon between MCA-Vanuatu and the Consultant.
- Oral and written updates on pre-testing and revisions on questionnaires.
- Hiring and training of interviewers
- Oral and written updates on all relevant system testing and other survey preparation.

Task 3: Survey Implementation (Fieldwork, data entry, and data processing)

- All relevant fieldwork during all phases of the baseline and final surveys. (For an estimated timeline of specific work phases, see Section 8.)
- Relevant data quality checks and other quality control procedures in the field to ensure minimum survey error.

- Conduct and oversee all data entry, coding, and data processing.
- Interim progress reports during fieldwork to MCA-Vanuatu, including reporting on any non-sampling error or other quality issues that arise and actions taken to address them. (Specific content and format will be agreed between MCA-Vanuatu and the Consultant.)

Task 4: Data Cleaning and Analysis

- Final, clean data set.
- Results and analysis on all data collected (Content and methods for such analysis will be agreed upon between the Consultant and MCA-Vanuatu.)

Task 5: Progress and Final Reports

- Provide weekly updates by email, or through another means agreed with MCA-Vanuatu, on the assignment's progress.
- Produce progress reports for each stage of survey including oral presentations during the Baseline and Final Surveys, so that MCA-Vanuatu is informed about survey activities and can provide input and feedback on necessary revisions, quality control, and other issues.
- Produce a report at the end of each phase of work, Baseline and Final Surveys that outlines all results and includes all summary tables. The report should contain the methodology, key findings of the survey, recommendations and conclusion. Specific content and format for each report will be agreed upon between MCA-Vanuatu and the Consultant.
- Produce a final report at the end of the Final Survey that covers all results and includes all summary tables of both phases of Survey. Specific content and format for each report will be agreed upon between MCA-Vanuatu and the Consultant.
- The Consultant is expected to provide three (3) hard copies of the report as well as provide the electronic copy of all reports mentioned above.

5. CONSULTANT CAPACITY.

The Consultant must demonstrate the capacity and ability to manage and carry out the Tourism Survey in terms of economic and financial capacity, general management and availability of professional staff to replace Personnel where necessary and the ability to administer and provide the necessary back-up services to support the Survey team. The ability to provide the required equipment and furnishings is also required.

A. Economic and Financial capacity

The Consultant's financial and economic capacity and its sustainability to support the Tourism Survey Team and provide the necessary initial financing is imperative. In its Proposal the Consultant is required to provide information on its financial and economic status. The information required should be completed using the form provided in the RFP.

B. General Management and Professional Staff of the Consultant

The structure of the Consultant must demonstrate the ability to manage the Survey, provide the necessary technical support and, where necessary, provide replacement staff at short notice. The Consultant is required to submit an organization chart showing the numbers of staff and their positions. In addition, the CV of the proposed home-office Project Director must be provided.

C. Consultant’s Past Experience relevant to Tourism Survey

The Consultant should at a minimum demonstrate that it has past experience relevant to performing the services needed for this assignment.

- Experience gained by the Consultant should include relevant experience of working on similar tourism projects, of working in similar countries and experience in understanding of international best practices in similar projects.
- The Consultant should provide references for at least 3 completed projects.

6. KEY PERSONNEL

The staffing requirements to carry out the survey will be determined by the Consultant. The Consultant should provide an organization chart of the team structure, together with a description of the composition of the team and task assignment. The eventual total size of the team will depend on the phases and activities of the survey. Full staffing may not be required at the beginning of the project and will take place as and when the volume of work requires it. As a minimum, initial staffing should consist of a Statistician and a Survey Manager. A Tourism Expert should be readily available to provide professional advice to the team as necessary on content and analysis issues, particularly during questionnaire design and data analysis. It is also envisaged that a propose home- office Project Director is identified in order to address problems should any arise. The Proposals shall include the CV of each of these key personnel and a statement of exclusivity and availability completed by each.

A. Statistician

The Statistician will, as a minimum, possess the following qualifications, skills and professional experience:

- Should possess an advanced degree in statistics, with approximately 10 years or more experience in survey design and management, and expertise in tourism surveys and studies.
- Should have experience in conducting surveys and have an advanced knowledge in quantitative analysis.
- Should possess the knowledge and ability to develop questionnaires and effectively conduct interviews.
- Ability to design and undertake empirical and investigative studies on issues pertaining to tourism analysis.
- Should be able to select and use a wide variety of qualitative and quantitative data to provide a reliable analysis.
- Good written and verbal communication skills in English. Understanding of French and Bislama is an advantage;
- Should have experience working in similar countries. Experience of working in Vanuatu or any other countries in the South Pacific is an advantage.
- Computer literate

B. Survey Manager

The Survey Manager will, as a minimum, possess the following qualifications, skills and professional experience:

- Should possess a university degree in statistics or relevant subjects;
- Should have approximately 5 years or more experience of managing and conducting

surveys;

- Should possess excellent communication skills and experience in working with a wide range of individuals in government, private sector, NGO and civil society;
- Good written and verbal communication skills in English. Understanding of French and/or Bislama is an advantage;
- Should have experience working in similar countries. Experience of working in Vanuatu or any other countries in the South Pacific is an advantage;
- Computer literate.

C. Tourism Expert

The tourism expert will, as a minimum, possess the following qualifications, skills and professional experience:

- Should possess an advance degree in tourism studies or related fields;
- Should have approximately 10 years or more experience in conducting tourism related studies and/or surveys;
- Familiarity with the Vanuatu tourism industry or similar countries;
- Good written and verbal communication skills in English. Understanding of French and/or Bislama is an advantage;
- Extensive knowledge of regional and international tourist industry;
- Familiarity with internationally recognise tourism indicators such as those of the World Tourism Organization;
- Should have experience working in similar countries. Experience of working in Vanuatu or any other countries in the South Pacific is an advantage.
- Computer literate.

7. TERMS OF SERVICE

The Consultant shall have access to all M&E documents available with MCA-Vanuatu and other available documents related to tourism done by various institutions. These documents will be provided at the start of the assignment. While the Consultant will receive the necessary government authority to undertake official data collection, the Consultant shall be bound by confidentiality and other Acts such as the National Statistics Act of 1983.

The Consultant shall ensure that experts are adequately supported and equipped. It is envisaged that the minimum provision should comprise computers with appropriate software, complementary office furniture and communication equipment. The Consultant shall ensure that there is sufficient administrative, secretarial and interpreting provision to enable experts to concentrate on their primary responsibilities.

In addition, the Consultant should allow for all costs associated with the following expenses:

- Costs of consumables including telecommunication, stationary, printing, office equipment consumables.
- Local transport required for the experts to effectively carry out their duties.
- Reproduction of the Consultant's reports and any special or ad hoc reports requested by MCA Vanuatu or MCC.
- Consultant will be responsible for providing accommodation, in Vanuatu, for key personnel and for short term Consultants and head office staff on mission in Vanuatu.

- Air fares, travel expenses and other costs relating to the travel of employees, their dependents or Consultants engaged by the Consultant shall be the responsibility of the Consultant.
- The Consultant shall provide adequate medical protection (insurance cover) for all key personnel and for short term Consultants and head office staff on mission in Vanuatu.
- Any other unspecified costs.

The Consultant is responsible for meeting all contract objectives, delivery of outputs and results and should provide corresponding backstopping and oversight services on its account. The Consultant will describe in its Proposal its system of quality assurance and how its head office will support the experts on site with all required logistic and technical support. The Consultant shall include a statement in its Proposal as to the arrangements for subject matter specific backstopping of all of the key experts.

8. DURATION

The Consultant is expected to carry out a baseline survey at the start of the contract and a follow-up survey in December 2009 to November 2010. The baseline survey should commence once the contract has been signed and a schedule is agreed upon between MCA-Vanuatu and the Consultant. Once the basic schedule is agreed upon, the Consultant will be expected to produce a detailed timeline with all activities and deliverables to be submitted as part of the Work-Plan.

Baseline Survey	Estimated Date*
Consultant Mobilization	Dec. 2006
Submission of Work-Plan and Detailed Schedule	Jan. 2007
Survey Design, Preparation and Planning	Feb. 2007
1st Round of Data Collection – Low Season	Mar. – May 2007
1st Progress Report to MCA-Vanuatu	June 2007
2nd Round of Data Collection – High Season	June – Aug. 2007
2 nd Progress Report to MCA-Vanuatu	Sept. 2007
3rd Round of Data Collection – Low Season	Sept. – Nov. 2007
3 rd Progress Report to MCA-Vanuatu	Dec 2007
4th Round of Data Collection – Holiday Season – Dec. 2007	Dec.2007 – Jan 2008
Draft Report on Baseline Survey	Feb. 2008
Final Report on Baseline Survey	Mar. 2008
Final Survey	
Consultant's Re-mobilization, Work Plan and detail schedule including revised survey design (if any), preparation and planning	Nov. 2009
1st Round of Data Collection – Holiday Season	Dec. 2009– Jan 2010
4 th Progress Report to MCA-Vanuatu	Feb. 2010
2nd Round of Data Collection – Low Season	Mar – May. 2010
5 th Progress Report to MCA-Vanuatu	June. 2010
3rd Round of Data Collection – High Season	June. – Aug. 2010
6 th Progress Report to MCA-Vanuatu	Sept 2010

4th Round of Data Collection – Holiday Season – Dec. 2007	Sept. – Nov 2011
Draft Report on Final Survey	Dec. 2010
Final Report on Final Survey	Jan. 2011
Final Report on Baseline and Final Survey	Feb. 2011

* The above dates are indicative only and will be finalized during negotiations and will be included in the contract agreement.

APPENDIX II – SURVEY QUESTIONNAIRES

- **APPENDIX II A – International Visitor Survey - Questionnaire**
- **APPENDIX II B – Domestic Visitor Survey - Questionnaire**
- **APPENDIX II C – Cruise Ship Visitor Survey - Questionnaire**
- **APPENDIX II D – Tourism Business Survey - Questionnaire**
- **APPENDIX II E – Yacht Visitor Survey - Questionnaire**

APPENDIX III – RECORD OF REFUSALS**APPENDIX III A – International Visitor Survey****INTERNATIONAL VISITORS SURVEY – RECORD OF REFUSALS
TO PARTICIPATE**

DATE	GENDER	ESTIMATED AGE
08/08/07	MALE	60-70
09/08/07	MALE	25-35
10/08/07	MALE/FEMALE	50-65
10/08/07	FEMALE	25-40
10/08/07	MALE/FEMALE	50-65
13/08/07	MALE	25-35
13/08/07	MALE	45-55
16/08/07	FEMALE	45-55
17/08/07	MALE	50-65
17/08/07	FEMALE	50-60
20/08/07	FEMALE	30-40
20/08/07	FEMALE	30-40
21/08/07	MALE/FEMALE	50-65
22/08/07	MALE	25-35
22/08/07	MALE	40-55
22/08/07	MALE	30-40
25/08/07	FEMALE	45-50
27/08/07	MALE	30-45
27/08/07	FEMALE	20-30
27/08/07	MALE	35-40
29/08/07	MALE	25-35
31/08/07	FEMALE	50-60
31/08/07	FEMALE	50-60
31/08/07	FEMALE	55-65
31/08/07	MALE/FEMALE	40-50
01/10/07	FEMALE	35-40
04/10/07	MALE	30-40
05/10/07	MALE	40-50
06/10/07	MALE	50-60
08/10/07	FEMALE	50-60
08/10/07	FEMALE	50-60
10/10/07	MALE	30-40
11/10/07	MALE	50-60
12/10/07	MALE	30-40
12/10/07	MALE	30-40
15/10/07	MALE	30-40
15/10/07	MALE	30-40
15/10/07	FEMALE	30-40
15/10/07	MALE	45-55
15/10/07	MALE	45-55
19/10/07	MALE	50-60
19/10/07	MALE	50-60
22/10/07	MALE	55-65
22/10/07	MALE	45-55
22/10/07	FEMALE	20-30
24/10/07	FEMALE	45-55

25/10/07	FEMALE	45-55
26/10/07	FEMALE	50-55
26/10/07	FEMALE	35-45
19/11/07	MALE	30-40
21/11/07	FEMALE	35-45
22/11/07	MALE	45-55
22/11/07	FEMALE	55-65
22/11/07	FEMALE	55-65
23/11/07	MALE	25-35
23/11/07	MALE	20-25
23/11/07	MALE	40-50
23/11/07	MALE	35-45
23/11/07	FEMALE	40-50
26/11/07	MALE	35-45
26/11/07	MALE	30-40
27/11/07	MALE	55-65
27/11/07	FEMALE	30-40
28/11/07	FEMALE	35-45
30/11/07	FEMALE	40-50
01/12/07	FEMALE	25-35
01/12/07	FEMALE	35-45
01/12/07	MALE	30-40
01/12/07	FEMALE	25-35
03/12/07	MALE	55-65
03/12/07	MALE	60-65
03/12/07	FEMALE	20-30
04/12/07	MALE	25-35
05/12/07	FEMALE	25-35
06/12/07	MALE	25-35
07/12/07	FEMALE	18-25
07/12/07	MALE	50-60
07/12/07	MALE	45-55
08/12/07	MALE	45-55
09/12/07	MALE	45-55
10/12/07	MALE	35-45
12/12/07	MALE	40-50
13/12/07	FEMALE	20-30
14/12/07	FEMALE	45-50
14/12/07	MALE	18-25
14/12/07	MALE	40-45
14/12/07	FEMALE	25-30
14/12/07	MALE	45-55
14/12/07	MALE	50-60
14/12/07	MALE	20-30
15/12/07	MALE	25-35
15/12/07	MALE	40-50
15/12/07	MALE	30-40
04/02/08	MALE	20-30
04/02/08	FEMALE	40-50
05/02/08	FEMALE	N/K
06/02/08	FEMALE	25-30
06/02/08	MALE	55-65
06/02/08	FEMALE	35-45
06/02/08	FEMALE	N/K
06/02/08	MALE	N/K
08/02/08	MALE	35-45
08/02/08	MALE	60-65
08/02/08	MALE	30-40

08/02/08	MALE	40-50
08/02/08	MALE	30-40
09/02/08	MALE	25-35
10/02/08	MALE	40-50
10/02/08	MALE	N/K
11/02/08	MALE	25-35
11/02/08	MALE	40-50
11/02/08	MALE	30-40
11/02/08	MALE	35-45
12/02/08	MALE	N/K
12/02/08	MALE	N/K
13/02/08	FEMALE	N/K
13/02/08	MALE	N/K
13/02/08	MALE	N/K
15/02/08	MALE	40-50
15/02/08	MALE	45-55
15/02/08	MALE	55-65
16/02/08	MALE	45-50
16/02/08	FEMALE	45-55
16/02/08	MALE	N/K
16/02/08	MALE	N/K
16/02/08	MALE	N/K
16/02/08	FEMALE	N/K
16/02/08	MALE	N/K
17/02/08	MALE	N/K
17/02/08	FEMALE	N/K
17/02/08	FEMALE	N/K
18/02/08	MALE	40-50
18/02/08	MALE	55-65
18/02/08	FEMALE	25-35
18/02/08	FEMALE	45-55
20/02/08	FEMALE	40-50
20/02/08	MALE	50-60
20/02/08	FEMALE	20-30
20/02/08	FEMALE	30-35
20/02/08	MALE	45-55
20/02/08	MALE	50-60
20/02/08	MALE	30-40
22/02/08	MALE	50-60
22/02/08	MALE	60-65
23/02/08	MALE	50-60
23/02/08	MALE	50-60
23/02/08	MALE	45-55
23/02/08	MALE	45-55
23/02/08	FEMALE	45-55
24/02/08	MALE	45-55
24/02/08	FEMALE	N/K
25/02/08	MALE	55-65
25/02/08	MALE	N/K
25/02/08	MALE	N/K
25/02/08	MALE	N/K
25/02/08	MALE	N/K
25/02/08	MALE	N/K
27/02/08	MALE	45-55
28/02/08	FEMALE	40-50
29/02/08	FEMALE	25-35

APPENDIX III B – Cruise Ship Visitor Survey – Record of Refusals**CRUISE SHIP SURVEY – RECORD OF REFUSALS**

DATE/SHIP	GENDER	AGE
03/10/07 – PAC STAR	MALE	45-55
03/10/07 – PAC STAR	FEMALE	55-60
03/10/07 – PAC STAR	FEMALE	25-35
03/10/07 – PAC STAR	FEMALE	35-40
03/10/07 – PAC STAR	FEMALE	25-30
03/10/07 – PAC STAR	FEMALE	30-35
03/10/07 – PAC STAR	FEMALE	35-40
03/10/07 – PAC STAR	MALE	25-30
03/10/07 – PAC STAR	FEMALE	35-40
03/10/07 – PAC STAR	MALE	40-45
03/10/07 – PAC STAR	FEMALE	50-60
03/10/07 – PAC STAR	FEMALE	35-40
03/10/07 – PAC STAR	FEMALE	35-40
03/10/07 – PAC STAR	FEMALE	35-45
03/10/07 – PAC STAR	FEMALE	50-60
03/10/07 – PAC STAR	MALE	50-60
03/10/07 – PAC STAR	FEMALE	45-55
03/10/07 – PAC STAR	FEMALE	40-50
03/10/07 – PAC STAR	FEMALE	45-55
03/10/07 – PAC STAR	FEMALE	50-60
03/10/07 – PAC STAR	MALE	35-45
17/10/07 – PAC STAR	FEMALE	55-65
17/10/07 – PAC STAR	FEMALE	40-50
17/10/07 – PAC STAR	FEMALE	55-65
17/10/07 – PAC STAR	FEMALE	40-50
17/10/07 – PAC STAR	FEMALE	40-50
17/10/07 – PAC STAR	FEMALE	50-60
17/10/07 – PAC STAR	FEMALE	60-65
17/10/07 – PAC STAR	MALE	35-45
17/10/07 – PAC STAR	FEMALE	30-35
17/10/07 – PAC STAR	MALE	40-50
17/10/07 – PAC STAR	FEMALE	40-50
17/10/07 – PAC STAR	MALE	50-60
17/10/07 – PAC STAR	FEMALE	50-60
17/10/07 – PAC STAR	FEMALE	50-60
17/10/07 – PAC STAR	FEMALE	30-40
17/10/07 – PAC STAR	FEMALE	30-40
17/10/07 – PAC STAR	FEMALE	25-35
17/10/07 – PAC STAR	FEMALE	60-65
17/10/07 – PAC STAR	MALE	55-65
17/10/07 – PAC STAR	FEMALE	35-45
17/10/07 – PAC STAR	FEMALE	30-40
17/10/07 – PAC STAR	FEMALE	40-50
17/10/07 – PAC STAR	FEMALE	45-55
17/10/07 – PAC STAR	FEMALE	45-55
17/10/07 – PAC STAR	FEMALE	40-50
17/10/07 – PAC STAR	FEMALE	45-55
24/10/07 – PAC STAR	FEMALE	55-65
24/10/07 – PAC STAR	FEMALE	60-70

24/10/07 – PAC STAR	MALE	50-60
24/10/07 – PAC STAR	FEMALE	45-55
24/10/07 – PAC STAR	MALE	20-30
24/10/07 – PAC STAR	MALE	25-35
24/10/07 – PAC STAR	FEMALE	55-65
24/10/07 – PAC STAR	FEMALE	50-60
24/10/07 – PAC STAR	FEMALE	50-60
24/10/07 – PAC STAR	FEMALE	30-40
24/10/07 – PAC STAR	MALE	40-50
24/10/07 – PAC STAR	FEMALE	45-55
24/10/07 – PAC STAR	MALE	45-55
24/10/07 – PAC STAR	FEMALE	45-55
24/10/07 – PAC STAR	MALE	35-45
24/10/07 – PAC STAR	MALE	50-60
07/11/07 – PAC STAR	MALE	45-55
07/11/07 – PAC STAR	MALE	45-55
07/11/07 – PAC STAR	MALE	50-60
07/11/07 – PAC STAR	FEMALE	20-30
07/11/07 – PAC STAR	MALE	50-55
07/11/07 – PAC STAR	FEMALE	25-35
07/11/07 – PAC STAR	FEMALE	60-65
07/11/07 – PAC STAR	FEMALE	30-35
14/11/07 – PAC SUN	FEMALE	20-30
14/11/07 – PAC SUN	FEMALE	18-25
14/11/07 – PAC SUN	MALE	55-60
14/11/07 – PAC SUN	MALE	18-25
14/11/07 – PAC SUN	FEMALE	55-60
14/11/07 – PAC SUN	FEMALE	55-60
14/11/07 – PAC SUN	FEMALE	45-50
14/11/07 – PAC SUN	FEMALE	40-45
14/11/07 – PAC SUN	FEMALE	50-55
14/11/07 – PAC SUN	FEMALE	25-30
14/11/07 – PAC SUN	FEMALE	50-55
14/11/07 – PAC SUN	FEMALE	40-50
14/11/07 – PAC SUN	FEMALE	35-45
14/11/07 – PAC SUN	FEMALE	40-45
21/11/07 – PAC SUN	FEMALE	40-45
21/11/07 – PAC SUN	MALE	20-25
21/11/07 – PAC SUN	FEMALE	60-65
21/11/07 – PAC SUN	FEMALE	40-45
21/11/07 – PAC SUN	FEMALE	60-65
21/11/07 – PAC SUN	FEMALE	55-60
21/11/07 – PAC SUN	FEMALE	50-55
21/11/07 – PAC SUN	FEMALE	25-30
21/11/07 – PAC SUN	FEMALE	50-55
21/11/07 – PAC SUN	MALE	60-65
21/11/07 – PAC SUN	FEMALE	60-65
21/11/07 – PAC SUN	FEMALE	40-50
21/11/07 – PAC SUN	FEMALE	45-55
05/12/07 – PAC SUN	FEMALE	30-40
05/12/07 – PAC SUN	FEMALE	45-55
05/12/07 – PAC SUN	FEMALE	50-60
05/12/07 – PAC SUN	FEMALE	55-65
05/12/07 – PAC SUN	MALE	50-55
05/12/07 – PAC SUN	MALE	40-50
05/12/07 – PAC SUN	FEMALE	30-40
05/12/07 – PAC SUN	FEMALE	50-60
05/12/07 – PAC SUN	FEMALE	45-55

05/12/07 – PAC SUN	FEMALE	55-65
12/12/07 – PAC DAWN	MALE	60-65
12/12/07 – PAC DAWN	MALE	60-65
12/12/07 – PAC DAWN	FEMALE	60-65
12/12/07 – PAC DAWN	FEMALE	45-55
12/12/07 – PAC DAWN	FEMALE	60-65
12/12/07 – PAC DAWN	FEMALE	30-40
12/12/07 – PAC DAWN	FEMALE	55-65
12/12/07 – PAC DAWN	FEMALE	45-50
12/12/07 – PAC DAWN	FEMALE	35-45
12/12/07 – PAC DAWN	FEMALE	35-45
12/12/07 – PAC DAWN	MALE	30-40
12/12/07 – PAC DAWN	MALE	55-65
12/12/07 – PAC DAWN	MALE	55-65
12/12/07 – PAC DAWN	FEMALE	40-50
12/12/07 – PAC DAWN	MALE	35-45
12/12/07 – PAC DAWN	FEMALE	55-65
12/12/07 – PAC DAWN	FEMALE	40-45
12/12/07 – PAC DAWN	FEMALE	40-50
12/12/07 – PAC DAWN	FEMALE	40-50
12/12/07 – PAC DAWN	FEMALE	55-60
13/12/07 – PAC SUN	MALE	50-60
13/12/07 – PAC SUN	FEMALE	30-40
13/12/07 – PAC SUN	FEMALE	45-55
13/12/07 – PAC SUN	FEMALE	55-65
13/12/07 – PAC SUN	MALE	45-55
13/12/07 – PAC SUN	FEMALE	60-70
13/12/07 – PAC SUN	FEMALE	40-45
13/12/07 – PAC SUN	FEMALE	60-65
13/12/07 – PAC SUN	MALE	45-55
13/12/07 – PAC SUN	FEMALE	60-65
13/12/07 – PAC SUN	FEMALE	40-45
13/12/07 – PAC SUN	MALE	40-50
13/12/07 – PAC SUN	FEMALE	60-65
13/12/07 – PAC SUN	FEMALE	30-35
13/12/07 – PAC SUN	FEMALE	40-50
13/12/07 – PAC SUN	MALE	40-45
13/12/07 – PAC SUN	FEMALE	40-50
03/01/08 – PAC SUN	MALE	50
03/01/08 – PAC SUN	MALE	60
03/01/08 – PAC SUN	FEMALE	45
03/01/08 – PAC SUN	MALE	30
03/01/08 – PAC SUN	FEMALE	60
03/01/08 – PAC SUN	MALE	75
03/01/08 – PAC SUN	FEMALE	65
03/01/08 – PAC SUN	FEMALE	45
03/01/08 – PAC SUN	MALE	35
03/01/08 – PAC SUN	MALE	20
03/01/08 – PAC SUN	FEMALE	60
03/01/08 – PAC SUN	MALE	65
03/01/08 – PAC SUN	MALE	30
03/01/08 – PAC SUN	MALE	45
03/01/08 – PAC SUN	MALE	60
04/01/08 – SUN P'CESSS	MALE	55
04/01/08 – SUN P'CESSS	FEMALE	40
04/01/08 – SUN P'CESSS	FEMALE	50
04/01/08 – SUN P'CESSS	MALE	50
04/01/08 – SUN P'CESSS	FEMALE	40

04/01/08 – SUN P'CESSS	FEMALE	55
04/01/08 – SUN P'CESSS	FEMALE	40
04/01/08 – SUN P'CESSS	FEMALE	60
04/01/08 – SUN P'CESSS	MALE	25
04/01/08 – SUN P'CESSS	FEMALE	35
04/01/08 – SUN P'CESSS	FEMALE	50
04/01/08 – SUN P'CESSS	FEMALE	40
04/01/08 – SUN P'CESSS	FEMALE	50
04/01/08 – SUN P'CESSS	FEMALE	70
04/01/08 – SUN P'CESSS	FEMALE	50
09/01/08 – PACIFIC SUN	MALE	30
09/01/08 – PACIFIC SUN	MALE	30
09/01/08 – PACIFIC SUN	MALE	40
09/01/08 – PACIFIC SUN	MALE	40
09/01/08 – PACIFIC SUN	FEMALE	40
09/01/08 – PACIFIC SUN	FEMALE	40
09/01/08 – PACIFIC SUN	MALE	50
09/01/08 – PACIFIC SUN	MALE	40
09/01/08 – PACIFIC SUN	MALE	25
09/01/08 – PACIFIC SUN	FEMALE	25
09/01/08 – PACIFIC SUN	FEMALE	40
09/01/08 – PACIFIC SUN	MALE	40
09/01/08 – PACIFIC SUN	FEMALE	40
09/01/08 – PACIFIC SUN	FEMALE	40
09/01/08 – PACIFIC SUN	MALE	45
09/01/08 – PACIFIC SUN	MALE	35
09/01/08 – PACIFIC SUN	FEMALE	40
09/01/08 – PACIFIC SUN	MALE	30
09/01/08 – PACIFIC SUN	MALE	40
09/01/08 – PACIFIC SUN	MALE	60
09/01/08 – PACIFIC SUN	FEMALE	40
09/01/08 – PACIFIC SUN	FEMALE	60
09/01/08 – PACIFIC SUN	FEMALE	50
09/01/08 – PACIFIC SUN	FEMALE	30
09/01/08 – PACIFIC SUN	FEMALE	50
09/01/08 – PACIFIC SUN	FEMALE	35
09/01/08 – PACIFIC SUN	MALE	50
09/01/08 – PACIFIC SUN	FEMALE	40
09/01/08 – PACIFIC SUN	MALE	35
09/01/08 – PACIFIC SUN	FEMALE	40
13/01/08 – PAC DAWN	FEMALE	60
13/01/08 – PAC DAWN	MALE	40
13/01/08 – PAC DAWN	FEMALE	40
13/01/08 – PAC DAWN	MALE	30
13/01/08 – PAC DAWN	MALE	30
13/01/08 – PAC DAWN	FEMALE	45
13/01/08 – PAC DAWN	FEMALE	45
13/01/08 – PAC DAWN	FEMALE	25
13/01/08 – PAC DAWN	MALE	35
13/01/08 – PAC DAWN	FEMALE	50
13/01/08 – PAC DAWN	MALE	45
13/01/08 – PAC DAWN	FEMALE	60
06/02/08 – PACIFIC SUN	FEMALE	40-45
06/02/08 – PACIFIC SUN	MALE	50-60
06/02/08 – PACIFIC SUN	FEMALE	30-40
06/02/08 – PACIFIC SUN	FEMALE	55-60
06/02/08 – PACIFIC SUN	MALE	60-65
06/02/08 – PACIFIC SUN	FEMALE	20-25

06/02/08 – PACIFIC SUN	FEMALE	60-65
06/02/08 – PACIFIC SUN	MALE	30-35
06/02/08 – PACIFIC SUN	FEMALE	55-65
06/02/08 – PACIFIC SUN	FEMALE	35-45
06/02/08 – PACIFIC SUN	FEMALE	50-60
06/02/08 – PACIFIC SUN	FEMALE	40-45
06/02/08 – PACIFIC SUN	FEMALE	55-65
06/02/08 – PACIFIC SUN	FEMALE	20-25
06/02/08 – PACIFIC SUN	MALE	50-55
10/02/08 – PAC DAWN	MALE	25
10/02/08 – PAC DAWN	MALE	25
10/02/08 – PAC DAWN	FEMALE	50
10/02/08 – PAC DAWN	MALE	30
10/02/08 – PAC DAWN	FEMALE	50
10/02/08 – PAC DAWN	FEMALE	30
10/02/08 – PAC DAWN	FEMALE	20
10/02/08 – PAC DAWN	MALE	50
10/02/08 – PAC DAWN	MALE	40
10/02/08 – PAC DAWN	FEMALE	40
10/02/08 – PAC DAWN	FEMALE	30
10/02/08 – PAC DAWN	FEMALE	30
10/02/08 – PAC DAWN	FEMALE	30
10/02/08 – PAC DAWN	FEMALE	40
10/02/08 – PAC DAWN	FEMALE	40
10/02/08 – PAC DAWN	FEMALE	20
10/02/08 – PAC DAWN	MALE	40
10/02/08 – PAC DAWN	FEMALE	40
10/02/08 – PAC DAWN	FEMALE	20
10/02/08 – PAC DAWN	MALE	40
10/02/08 – PAC DAWN	FEMALE	50
10/02/08 – PAC DAWN	FEMALE	20
10/02/08 – PAC DAWN	FEMALE	30
10/02/08 – PAC DAWN	MALE	40
10/02/08 – PAC DAWN	FEMALE	30
10/02/08 – PAC DAWN	MALE	50
13/02/08 – PACIFIC SUN	FEMALE	45-55
13/02/08 – PACIFIC SUN	FEMALE	30-40
13/02/08 – PACIFIC SUN	FEMALE	40-50
13/02/08 – PACIFIC SUN	FEMALE	40-50
13/02/08 – PACIFIC SUN	MALE	30-40
13/02/08 – PACIFIC SUN	FEMALE	20-30
13/02/08 – PACIFIC SUN	FEMALE	45-55
13/02/08 – PACIFIC SUN	FEMALE	50-60
02/03/08 – PACIFIC SUN	FEMALE	60-65
02/03/08 – PACIFIC SUN	FEMALE	40-45
02/03/08 – PACIFIC SUN	FEMALE	55-65
02/03/08 – PACIFIC SUN	FEMALE	30-35
02/03/08 – PACIFIC SUN	FEMALE	50-60
02/03/08 – PACIFIC SUN	FEMALE	60-70
02/03/08 – PACIFIC SUN	FEMALE	60-70
02/03/08 – PACIFIC SUN	FEMALE	18-25
02/03/08 – PACIFIC SUN	MALE	60-65

APPENDIX IV – Monthly Exchange Rates Used in Currency Conversions - June 2007 – February 2008

COUNTRY	CURRENCY	TO CONVERT TO VATU MULTIPLY BY									
		Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	
AUSTRALIA	AUD	8935	89.87	89.36	89.61	91.5	93.89	90.85	91.21	90.85	
ENGLAND	GBP	208.48	208.04	206.68	211.61	206.37	204.31	208.03	198.13	198.79	
USA	USD	108.2	106.95	104.8	108.05	105.2	102.05	103.6	103.4	103.1	
NZ	NZD	79.91	81.48	79.99	78.39	78.37	78.53	78.72	79.81	79.38	
FIJI	FIJD	66.46	66.51	66.17	66.59	66.61	66.23	66.5	66.52	66.33	
JAPAN	JPY	0.8955	0.8787	0.8903	0.9334	0.922	0.8943	0.9526	0.9476	0.9653	
HONGKONG	HKD	13.91	13.74	13.45	13.91	13.59	13.22	13.36	13.3	13.25	
ITAHITI	XPF	1.2004	1.1895	1.1826	1.21 99	1.2269	1.2119	1.2653	1.2544	1.2467	
PNG	PGK	38.36	38.95	39.76	40.93	39.9	38.68	40.26	40.54	40.57	
SINGAPORE	SGD	70.33	69.14	68.76	70.66	69.69	69.75	71.29	71.42	71.68	
SWITZERLAND	CHF	86.71	85.51	85.61	88.34	88.41	85.83	91.6	91.01	92	
CANADA	CAD	98.75	97.54	95.84	100.23	102.05	104.11	101.26	101.72	99.41	
SWEDEN	SEK.	15.2	14.77	14.8	15.48	15.38	15.17	16.17	15.17	15.18	
DENMARK	DICK	18.89	18.31	18.31	19.18	18.97	18.74	20.07	19.27	19.27	
INDIA	INR	2.5903	2.5012	2.5036	2.5467	2.52	2.46	2.485	2.4968	2.48	
GREECE	GRD	0.2695	0.268	0.2607	0.2698	0.2588	0.2506	0.2546	0.2541	0.2534	
MALAYSIA	MYR	30.62	29.32	28.99	29.88	29.11	29.03	29.65	29.65	29.89	
SOUTH AFRICA	ZAR	14.73	14.35	14.10	14.64	14.43	14.9	14.64	14.36	13.66	
CHINA	CNY	13.74	13.36	13.29	13.76	13.31	12.95	13.82	13.5	13.57	
THAILAND	THB	3.203	3.2822	3.3871	3.1499	3.12	3.06	3.17	3.27	3.13	
MORROCO	MAD	12.53	12.2	12.28	12.2	12.51	12.32	12.76	12.72	12.63	
PHILIPPINES	P1W	2.274	2.2119	2.2182	2.2332	2.21	2.21	2.3118	2.3829	2.39	
TAIWAN	TWD	3.1496	3.1016	3.0604	3.1565	3.0359	2.9901	3.0465	3.0271	3.0266	
INDONESIA	IDR	0.01185	0.01131	109	0.0111	0.01093	0.01065	0.01097	0.01046	0.0104	
NORWAY	NOK	17.42	17.05	17.26	17.93	18.17	18.12	18.5	17.99	17.87	
SOLOMON ISLANDS	SBD	17.13	16.65	16.56	17.53	17.3	16.82	16.86	16.27	15.88	
EURO	EUR	142.88	141.26	140.54	144.98	145.73	144.01	150.2	149.15	148.21	

Source: Department of Customs and Inland Revenue

APPENDIX V – Additional Data Entry Codes

code	country
1	Australia
2	New Zealand
3	Japan
4	Pacific
5	USA
6	Canada
7	European Union
8	Other Asia
9	Other Europe
10	Other
11	Not stated

code	Transport
1	Taxi
2	Bus
3	Rental Car
4	Boat
5	Private Car
6	Airplane
7	Other
8	Not stated

code	Purpose
1	Holiday
2	Business
3	Friends/Relatives
4	Others
5	Not stated

CurrID	Currency
1	Vatu
2	AUD
3	NZD
4	CFP
5	USD
6	EURO
7	YEN
8	FJD
9	Not stated
10	GBP
11	FRANC
12	HKD
13	Solomon Dollar
14	PNG Kina

Code	Whom
1	Alone
2	Spouse/partner only
3	Family
4	Group/friends
5	Not stated

Yes/noID	Yes/no
1	Yes
2	No
3	Not stated

APPENDIX VI – KEY FINDINGS AND TABLES

- **APPENDIX VI A – Key Findings - International Air Survey**
- **APPENDIX VI B – Key Findings – International Air Survey – Santo**
- **APPENDIX VI C – Key Findings – Cruise Visitor Survey**
- **APPENDIX VI D – Key Findings - Yacht Visitor Survey**
- **APPENDIX VI E – Key Findings – Domestic Tourism Survey**
- **APPENDIX VI F – Background Statistics on Employment**
- **APPENDIX VI G – Key Findings – Transport Issues**
- **APPENDIX VI H – Key Findings – Tourism Business Survey**

APPENDIX III A: KEY FINDINGS FROM THE AIR DEPARTURES SAMPLE SURVEY

1. General

The main sample survey of departing tourists by air took place at the Bauerfield Airport near Port Vila (1542 respondents) through the months of August, October, November and December 2007, and February 2008. It was supplemented by a small sample survey of departing tourists by air at Pekoa Airport on Santo (85 respondents) in the same period as a check against differences. The latter survey is commented upon in detail in Appendix IIIB. The intention in this main survey was to take into account seasonal variations. The sample size was 1,542 respondents selected on a random basis. The overall sample was in line with the numbers of travellers by country of residence and by main purpose of visit.

The breakdowns are illustrated in Table 1 and a comparison is drawn with the last sample survey in 2004. Previous to that, sample surveys of air visitors had taken place in 1997 and 1991.

Table 1 – Breakdown of Sample by Market Area

Country of Residence	Visitor Survey 1997 Percent	Visitor Survey 2004 Percent	Visitor Survey 2007 Frequency	Visitor Survey 2007 Percent
Australia	64.6	67.4	1022	66.3
New Zealand	20.1	13.8	270	17.5
Pacific	0.7	7.5	87	5.6
USA	6.9	1.8	24	1.6
Europe	2.7	7.1	89	5.7
Other	5.0	2.4	50	3.3
Total	100.0	100.0	1542	100.0

Source: Visitor Sample Survey 2007 and Visitor Surveys for 2004 and 1997

The Market profile has remained relatively similar through the years; Australia, New Zealand, Pacific and Europe are the main market areas, though Australia is by far the major market.

Table 2 – Breakdown of Sample by Main Purpose of Visit

Main Purpose of Visit	Visitor Survey 1997 Percent	Visitor Survey 2004 Percent	Visitor Survey 2007 Frequency	Visitor Survey 2007 Percent
Holiday	73.7	82.8	1102	71.5
Business	9.4	9.9	299	19.4
Visiting Friends and Relatives VFR	3.4	4.6	72	4.7
Other	8.3	2.7	69	4.4

Total	100.0	100.0	1542	100.0
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Source: Visitor Sample Survey 2007 and Visitor Surveys for 2004 and 1997

Again there is not a large change in the composition of the samples by purpose of trip (Table 2) with the exception that the 2007 sample has brought in more business travellers than in 2004 or 1997. Partly this change is associated with increased economic activity.

The composition of the Travel Party to Vanuatu has changed a little in that there are more respondents travelling alone, which possibly reflects the increase in business travel. A Travel Party involving a 'group/friends' is more frequent now, and first time visitors appear to be more prevalent. However there are no dramatic changes in the visitor profile.

2. Length of Stay

The sample results indicate an average length of stay of visitors to be 7.73 nights. This is comparable with the results from previous visitor surveys, suggesting that there has been little change through the years (Table 3).

Table 3 – Length of Stay (Nights) of Sample

Average Length of Stay	Visitor Survey 1991	Visitor Survey 1997	Visitor Survey 2004	Visitor Survey 2007/08
Nights	7.8	8.2	8.2	7.7

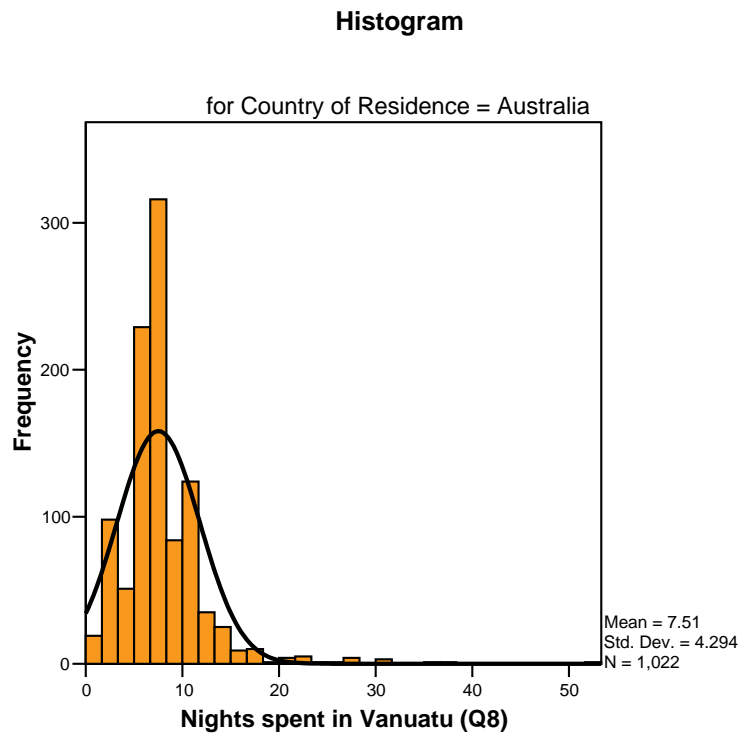
Source: Visitor Sample Survey 2007 and Visitor Surveys for 2004, 1997 and 1991

Length of stay was investigated in more detail for 2007/08 and the Relative Sampling Error was only +/- 3%. The length of stay varies relatively little for the different main markets with Australia at 7.5 nights, New Zealand 6.9 nights, and the Pacific 7.1 nights. The European Union visitors have a longer length of stay at 11.5 nights but their relative sampling error is higher at 22%.

An illustration of the frequencies of the responses is shown for the major market of Australia in Figure 1.

Figure 1 – Australian Market – Average Length of Stay (Nights)

Source: Visitor Sample Survey 2007



There are variations in length of stay according to the main purpose of visit but these are not large.

Table 4 – Length of Stay by Main Purpose of Visit

Main Purpose of Visit	Nights
Holiday	7.8
Business	6.3
VFR	9.7
Other	10.5
Total	7.7

Source: Visitor Sample Survey 2007

Because of the importance of length of stay in the overall calculations of total nights and the influence of total nights on total expenditure, the sample results were investigated and the boxplot of ‘outliers’ was rechecked to ensure that the sample means are reasonably correct.

Visitors in 2007 were 81,345 and applying the figure of 7.7 nights stay estimates Total Visitor Nights of approximately 626,000 in the Year 2007.

3. Expenditure by the Visitor

Average Daily Direct Expenditure by the visitor is estimated at 15,542 Vatu. This is the direct expenditure by the visitor and does not include for the spending made on behalf of the visitor by the tour operator. The expenditure by tour operators on behalf of tourists is estimated below.

Direct spending per day varies marginally between the different source markets but Australia is the highest spending market.

Total direct spending by visitors in 2007 will have been 81,345 visitors spending 15,542 Vatu per day (24 hours), and staying 7.7 nights making a total direct spend of Vatu 9.7 billion.

4. Expenditure by Tour Operators on Behalf of Visitors

A substantial part of the tourism business to Vanuatu involves package tours sold through tour operators or agents who take prepayment for the package and then cover the costs of air fares and the costs of accommodation, tours etc.

The tourist or visitor does not directly pay for the expenditure when he/she is in Vanuatu. Rather the tour operator/ agent pays on behalf of the visitor. The largest part of this expenditure tends to be for accommodation in Vanuatu.

In the sample survey we sought out the expenditures that the respondent had already made for different services. The broad picture is as shown on Table 5.

Table 5: Elements of the Package

Components	Frequency	Percentage of Sample
On Prepaid Package/ Air ticket	1449	94.0
Includes Air Ticket	1397	90.6
Includes Accommodation	866	56.2
Includes All Meals	196	12.7
Includes Tours/ Cruises	121	7.8
Includes Breakfast only	568	36.8
Includes Transfers	664	43.1
Includes Others	109	7.1

Approximately 56% of visitors were on a package that included air fare and accommodation. The average package price was Vatu 176,973 with the packages from Australia being higher in price than the packages from New Zealand.

Deducting the air fare and the administrative and marketing costs from the package indicates that around 30-40% of the prices comes into Vanuatu to pay for accommodation and transfers etc. This is based upon anecdotal evidence in discussions with the travel trade.

We have assumed that 35%, as halfway between 30% and 40% will come into Vanuatu and that this will divide into 90% accommodation and 10% other costs.

This adds another Vatu 4,505 per day to the direct spending, making a total of direct spending by the visitor and the spending by the tour operator on behalf of the visitor to be around Vatu 20,047.

ATTACHMENT 1 - STATISTICAL TABLES FOR VISITOR AIR DEPARTURES SAMPLE SURVEY**Country/Region of Residence (Q1)**

	Frequency	Percent	Cumulative Percent
Australia	1022	66.3	66.3
New Zealand	270	17.5	83.8
Japan	11	.7	84.5
Pacific	87	5.6	90.1
USA	24	1.6	91.7
Canada	6	.4	92.1
European Union	76	4.9	97.0
Other Asia	22	1.4	98.4
Other Europe	13	.8	99.3
Other	11	.7	100.0
Total	1542	100.0	

Main Purpose of Visit (Q2)

	Frequency	Percent	Cumulative Percent
Holiday	1102	71.5	71.5
Business	299	19.4	90.9
Visit friends and relatives	72	4.7	95.5
Other	68	4.4	99.9
Not stated	1	.1	100.0
Total	1542	100.0	

Country/Region of Residence (Q1) by Main Purpose of Visit (Q2) Cross tabulation

Country/Region of Residence (Q1)		Main Purpose of Visit (Q2)					Total
		Holiday	Business	Visit friends and relatives	Other	Not stated	
Australia	Count	817	138	40	27	0	1022
	% by Residence	79.9%	13.5%	3.9%	2.6%	.0%	100.0%
New Zealand	Count	169	79	7	14	1	270
	% by Residence	62.6%	29.3%	2.6%	5.2%	.4%	100.0%
Pacific	Count	23	43	3	18	0	87
	% by Residence	26.4%	49.4%	3.4%	20.7%	.0%	100.0%
European Union	Count	52	9	12	3	0	76
	% by Residence	68.4%	11.8%	15.8%	3.9%	.0%	100.0%
Total	Count	1102	299	72	68	1	1542
		71.5%	19.4%	4.7%	4.4%	.1%	100.0%

Travel Party (Q3A)

	Frequency	Percent	Cumulative Percent
alone	337	21.9	21.9
spouse/partner only	641	41.6	63.4
family	255	16.5	80.0
group/friends	308	20.0	99.9
Not stated	1	.1	100.0
Total	1542	100.0	

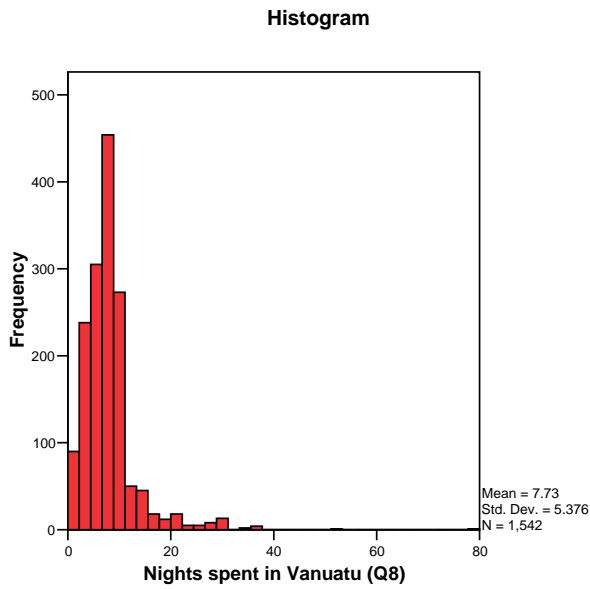
First Visit to Vanuatu (Q4)

	Frequency	Percent	Cumulative Percent
Yes	1020	66.1	66.1
No	517	33.5	99.7
Not Stated	5	.3	100.0
Total	1542	100.0	

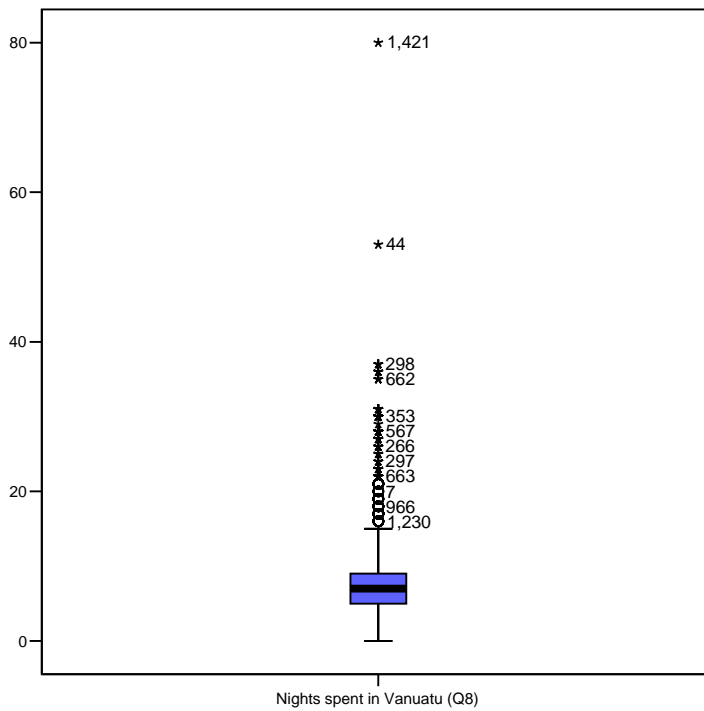
Length of Stay (Q8)

		Statistic	Std. Error
Nights spent in Vanuatu (Q8)	Mean	7.73	.137
	95% Confidence Interval for Mean	7.46	
	Lower Bound	8.00	
	Upper Bound	7.11	
	5% Trimmed Mean	7.00	
	Median	4	
	Interquartile Range	3.808	.062
	Skewness	29.684	.125

Figure – All visitors – Average Length of Stay (Nights)



Boxplot – All Visitors



Note: The 'outliers' and 'extreme values' were all checked and found to be correct

Proportions of Visitors spending on different items in Vanuatu

ITEMS	Frequency 'Yes'	Frequency 'No'	'Not Stated'	Other	Percent 'Yes'
Accommodation	822	398	319	3	53.5
Meals & Drinks	1077	201	261	3	70.0
Taxis	735	459	345	3	47.9
Buses	595	540	404	3	38.8
Car Rentals	122	907	510	3	8.1
Boats	96	932	511	3	6.4
Tours and Activities	736	436	367	3	47.9
Duty Free Shopping	482	641	415	3	31.5
Local Shopping	788	412	339	3	51.3
Domestic Airfares	122	917	499	4	8.2
All Other	199	855	480	8	13.4

Total Direct Spend Per Day

		Statistic	Std. Error
Spend per day	Mean	15541.76	287.755
	95% Confidence Interval for Mean		
	Lower Bound	14977.30	
	Upper Bound	16106.22	
	5% Trimmed Mean	14902.33	
	Median	13298.25	
	Interquartile Range	14973	
	Skewness	.794	.064
Kurtosis	.170	.128	

Direct Spend per Day by Key Markets

Country/Region of Residence (Q1)			Statistic	Std. Error
Australia	Mean		16530.19	344.529
	95% Confidence Interval for Mean	Lower Bound	15854.08	
		Upper Bound	17206.30	
	5% Trimmed Mean		15981.62	
	Median		14600.00	
New Zealand	Mean		13430.32	636.809
	95% Confidence Interval for Mean	Lower Bound	12176.36	
		Upper Bound	14684.28	
	5% Trimmed Mean		12669.61	
	Median		11340.00	
Japan	Mean		10447.93	3270.429
	95% Confidence Interval for Mean	Lower Bound	2906.31	
		Upper Bound	17989.55	
	5% Trimmed Mean		10219.92	
	Median		10000.00	
Pacific	Mean		13082.00	1146.893
	95% Confidence Interval for Mean	Lower Bound	10798.25	
		Upper Bound	15365.76	
	5% Trimmed Mean		12441.07	
	Median		12678.57	
USA	Mean		17769.95	2872.601
	95% Confidence Interval for Mean	Lower Bound	11796.05	
		Upper Bound	23743.85	
	5% Trimmed Mean		17264.54	
	Median		14570.19	
European Union	Mean		13546.79	1534.682
	95% Confidence Interval for Mean	Lower Bound	10486.72	
		Upper Bound	16606.86	
	5% Trimmed Mean		12671.37	
	Median		10000.00	

Package Cost in Vatu by Key Markets

All			Statistic	Std. Error	
Package Cost in Vatu	Mean		176972.76	3539.127	
	95% Confidence Interval for Mean	Lower Bound	170024.97		
		Upper Bound	183920.55		
	5% Trimmed Mean		167511.69		
	Median		147061.00		
	Interquartile Range		92895		
	Skewness		1.694		.089
	Kurtosis		3.492		.178

Country/Region of Residence (Q1)			Statistic	Std. Error
Australia	Mean		182405.33	4071.206
	95% Confidence Interval for Mean	Lower Bound	174408.76	
		Upper Bound	190401.91	
	5% Trimmed Mean		173383.29	
	Median		155550.00	
New Zealand	Mean		162558.11	7144.310
	95% Confidence Interval for Mean	Lower Bound	148443.88	
		Upper Bound	176672.34	
	5% Trimmed Mean		151824.62	
	Median		142290.00	

(Note: This analysis has been confined to the concept of a package that includes at least the air fare plus the accommodation. It excludes 'extreme values' of over Vatu 600000 million, which tended to include persons departing by air from Vanuatu when they left an expensive multi-destination tour or cruise).

Package Cost by Source Market

Breakdown of Direct Expenditure by different components

Items	Percent
Accommodation	38.5%
Meals & Drinks	20.6%
Taxis	3.0%
Buses	0.4%
Car Rentals	1.4%
Local Boat Transport	3.0%
Tours and Activities	13.7%
Entertainment/Recreation	5.7%
Local Shopping	8.7%
Duty Free Shopping	2.5%
All Other	2.5%

APPENDIX III B: AIR DEPARTURES SAMPLE SURVEY IN SANTO – KEY FINDINGS AND TABLES**1. General**

An international service (once a week) from Brisbane to Santo was introduced by Air Vanuatu in mid 2007. The sample survey of departing tourists by air in Espiritu Santo took place at the Pekoa Airport near Luganville through the months of August 2007 to February 2008. The intention was to take into account seasonal variations. The sample size was 85 respondents selected on a random basis. The overall sample was in line with the numbers of travellers by country of residence and by main purpose of visit. The intention with this relatively small sample was to check for any substantive differences in the travel patterns, The results show that whilst there are small differences, these are not substantive for the purposes of macro-economic analysis.

Compared with Port Vila, in Santo there is a greater concentration on the Australian market (94%) but the purpose of visit is relatively similar with 75% being holiday travellers in Santo.

The composition of the Travel Party to Santo is different to the sample results in Efate in that there is a greater focus on travelling in ‘groups/friends’.

2. Length of Stay

The sample results indicate an average length of stay of visitors to be 9 nights. (5% trimmed mean), This slightly longer length of stay may be related to the fact that flights are only once a week.

3. Average Daily Expenditure

Average Daily Expenditure was around Vatu 13,046 (5% trimmed mean). However about 52% of travellers were on a package that included air fares and accommodation, so the add-on for expenditure on the tourist’s behalf by a tour operator/ travel agent will be similar to Visitors to Port Vila. An addition of 30% would be similar, making a total daily expenditure of approximately Vatu 17,000.

ATTACHMENT 1 - STATISTICAL TABLES FOR VISITOR AIR DEPARTURES SAMPLE SURVEY IN SANTO

Country/Region of Residence (Q1)

	Frequency	Percent	Cumulative Percent
Australia	80	94.1	94.1
USA	1	1.2	95.3
Canada	1	1.2	96.5
European Union	3	3.5	100.0
Total	85	100.0	

Main Purpose of Visit (Q2)

	Frequency	Percent	Cumulative Percent
Holiday	64	75.3	75.3
Business	7	8.2	83.5
Visit friends and relatives	7	8.2	91.8
Other	7	8.2	100.0
Total	85	100.0	

Travel Party (Q3A)

Travel Party (Q3A)

	Frequency	Percent	Cumulative Percent
Alone	14	16.5	16.5
spouse/partner only	33	38.8	55.3
Family	6	7.1	62.4
group/friends	32	37.6	100.0
Total	85	100.0	

First Visit to Vanuatu (Q4)

	Frequency	Percent	Cumulative Percent
Yes	43	50.6	50.6
No	42	49.4	100.0
Total	85	100.0	

Length of Stay (Q8)

		Statistic	Std. Error
Nights (Q8)	Mean	9.59	.544
	95% Confidence Interval for Mean	Lower Bound	8.51
		Upper Bound	10.67
	5% Trimmed Mean	8.97	
	Median	8.00	

APPENDIX III C: CRUISE VISITOR SAMPLE SURVEY 2007 - KEY FINDINGS**1. General**

The Cruise Ship Passenger sample survey took place between September 2007 and March 2008 and involved questionnaires at the main wharf in Port Vila. The final sample was 748.

The sample indicated the predominance of holiday travel (98%) and indicated that the bulk of the market is from Australia (95%). New Zealand is the only other sizeable market at 3.5% of the total.

The travel parties comprise couples (30%), family groups (38%) and groups of friends (29%). Travelling alone on the cruise is only a small segment (2%).

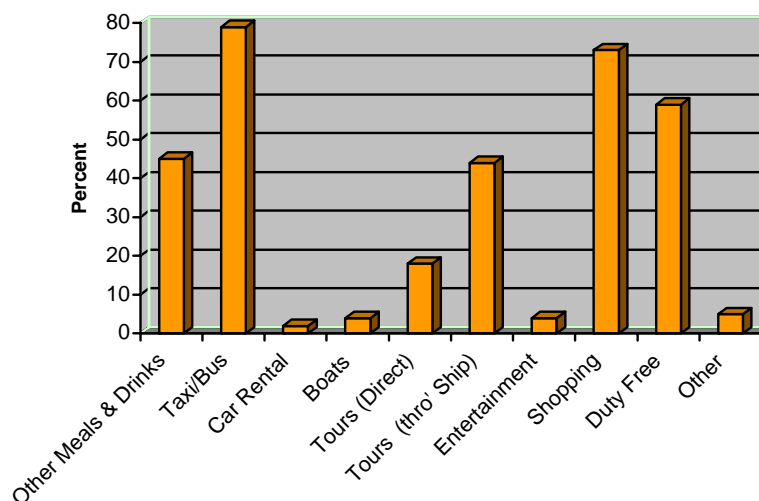
The Cruise ship basically stays for one day in Port Vila.

2. Breakdown of Expenditure

The sample results indicate that the mean of the total expenditure on the one day trip in Port Vila was Vatu 20,160. Cruise ship passengers do spend on a range of items which are illustrated in Figure 1 below..

Figure 1: Proportions of Cruise Ship Passengers spending on different items

Source: Cruise Ship Passenger Sample Survey 2007

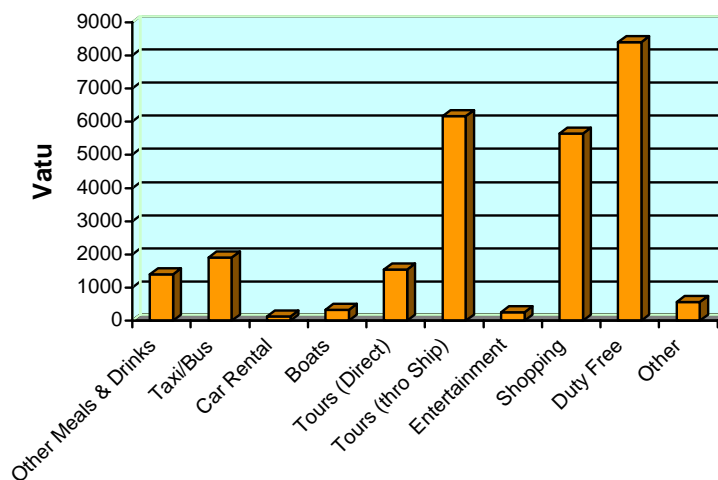


Cruise ship passengers participate in buying meals and drinks on shore, and take taxis and buses. Their other main participation is in shopping, both local and duty free (Figure 1). Tours directly purchased onshore are taken by 18% of cruise ship visitors, and a further 44% purchase tours either through the ship or in a prepaid package.

Expenditure levels reflect the participation levels but also re-emphasise the significance of shopping (Figure 2).

Figure 2: Average Expenditure by Cruise Ship Passengers on different items

Source: Cruise Ship Passenger Sample Survey 2007



Shopping (local and duty free) comprises 53% of the expenditure by the cruise ship passengers. A further 29% is spent on tours (either direct or prepaid).

4. Estimating the total cruise visitor expenditure

The Sample Survey indicates an estimated average total spend of Vatu 26,334 per Cruise Ship passenger (applicable 2007), including the spending for tours bought on the ship or prepaid. The breakdown is Vatu 20,160 for direct spending and Vatu 6174 paid to the ship/tour operator.

Direct Expenditure by the Cruise Ship Visitor, assuming the numbers in 2007 are the same as 2006, (namely 85,922), is estimated by multiplying this visitor figure and the above expenditure figure (Vatu 20,160) to give an approximate order of magnitude figure of around Vatu 1.7 billion for the direct expenditure of cruise ship visitors in Vanuatu.

In addition the agents of the ship/ tour operator pay a proportion of the visitor's spend on tours into the Vanuatu economy, which has been estimated at 60% making a total estimate of Vatu 0.3 billion for these additional payments.

Photo: Interviewing took place in a secure area next to the ship, beyond the hustle and bustle of the port area



ATTACHMENT1 : KEY STATISTICAL TABLES FROM THE CRUISE VISITOR SAMPLE SURVEY

Country of Residence (Q1)

	Frequency	Percent	Cumulative Percent
Australia	708	94.7	94.7
New Zealand	26	3.5	98.1
USA	2	.3	98.4
European Union	2	.3	98.7
Other	1	.1	98.8
11	9	1.2	100.0
Total	748	100.0	

Main Purpose of Visit (Q2)

	Frequency	Percent	Cumulative Percent
Holiday	734	98.1	98.1
Business	2	.3	98.4
Visit friends and relatives	4	.5	98.9
Not stated	8	1.1	100.0
Total	748	100.0	

Travel Party (Q3A)

	Frequency	Percent	Cumulative Percent
Alone	14	1.9	1.9
spouse/partner only	221	29.5	31.4
Family	281	37.6	69.0
group/friends	220	29.4	98.4
Not stated	12	1.6	100.0

Total	748	100.0
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Days Spent in Port Vila (Q4)

	Frequency	Percent	Cumulative Percent
0	9	1.2	1.2
1	739	98.8	100.0
Total	748	100.0	

Proportions of Cruise Visitors spending on different items in Vanuatu (Q6)

ITEMS	Frequency 'Yes'	Frequency 'No'	'Not Stated'	Percent 'Yes'
Meals & Drinks	340	324	84	45.5
Taxi/Bus	587	104	57	78.5
Car Rentals	18	610	120	2.4
Boat	28	601	121	3.5
Tours and Activities <u>Paid for On Shore</u>	133	508	107	17.8
Tours and Activities <u>Paid for Prior to Arrival (i.e. purchased on the boat or as a prepaid package)</u>	331	336	81	44.3
Entertainment/Recreation (water sports, diving etc)	31	601	116	4.1
Local Shopping (i.e. souvenirs and handicrafts)	545	147	56	72.9
Duty Free Shopping	443	234	71	59.2
All Other	35	596	117	4.7

Average Spending on different items in Vanuatu by those who spent (Q6)

ITEMS	Frequency 'Yes'	Percent 'Yes'	Mean Vatu	Relative Sampling Error %	5% Trimmed Mean	Median Vatu
Meals & Drinks	340	45.5	3717	22%	2422	1715
Taxi/Bus	587	78.5	2942	11%	2363	1817
Car Rentals	18	2.4	6436	39%	6197	6023
Boat	28	3.5	11443	58%	8519	7739
Tours and Activities <u>Paid for On Shore</u>	133	17.8	10603	17%	9417	6385
Tours and Activities <u>Paid for Prior to Arrival (i.e. purchased on the boat or as a prepaid package)</u>	331	44.3	16964	16%	14465	12769
Entertainment/Recreation (water sports, diving etc)	31	4.1	7330	36%	6450	5088
Local Shopping (i.e. souvenirs and handicrafts)	545	72.9	9427	9%	8211	6360
Duty Free Shopping	443	59.2	17246	12%	14233	9389
All Other	35	4.7	14337	73%	8962	3654

Average Spending on different items in Vanuatu by all cruise ship visitors responding (Q6)

ITEMS	Frequency 'Yes'	Mean Vatu	Frequency All	Mean Vatu for All	Percent Of Total Direct Spend
Meals & Drinks	340	3717	748	1690	6.9
Taxi/Bus	587	2942	748	2309	9.4
Car Rentals	18	6436	748	155	0.6
Boat	28	11443	748	398	1.6
Tours and Activities <u>Paid for On Shore</u>	133	10603	748	1885	7.7
Entertainment/Recreation (water sports, diving etc)	31	7330	748	304	1.2
Local Shopping (i.e. souvenirs and handicrafts)	545	9427	748	6869	28.0
Duty Free Shopping	443	17246	748	10214	41.7
All Other	35	14337	748	690	2.8

Total Average Spend from the breakdown in Vanuatu is 24514 Vatu

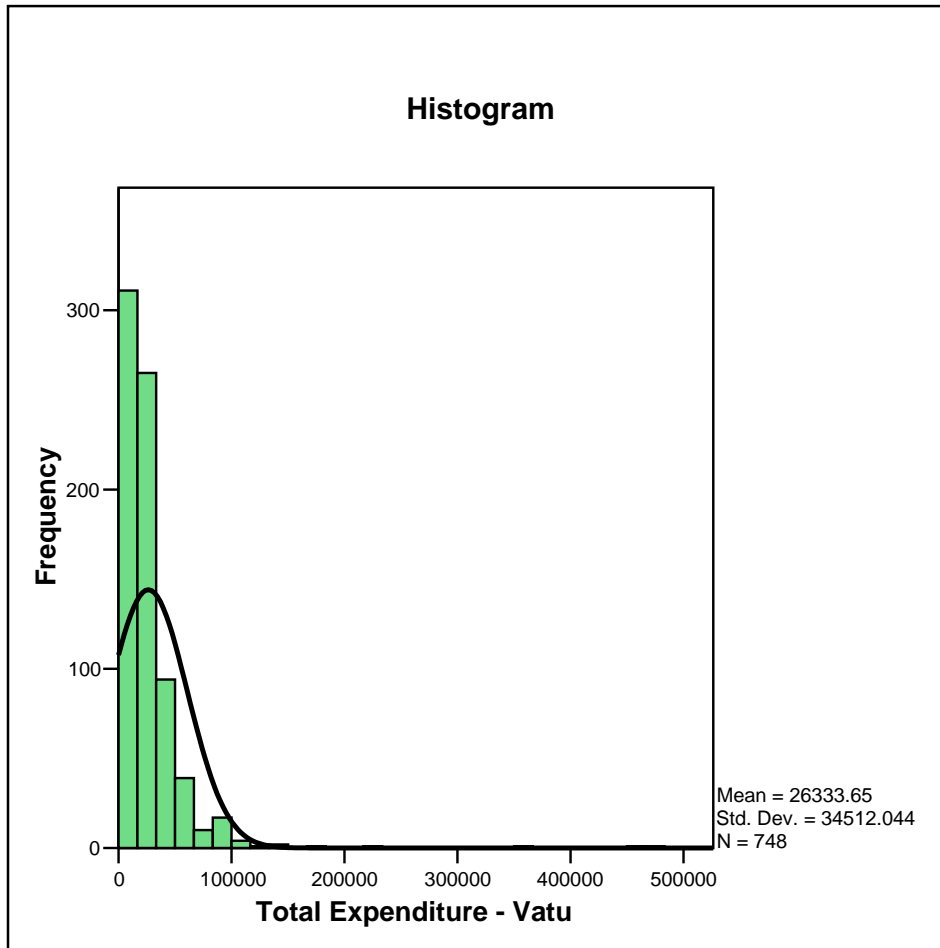
Average Spending on different items in Vanuatu by all cruise ship visitors responding, but relating to paid on ship or prepaid (Q6)

ITEMS	Frequency 'Yes'	Mean Vatu	Frequency All	Mean Vatu for All	Comment
Tours and Activities <u>Paid for Prior to Arrival (i.e. purchased on the boat or as a prepaid package)</u>	331	16964	748	7507	This will be spent on behalf of the visitor by an 'agent'

Respondent's estimate of total expenditure as compared to breakdown, including prepaid tours (Q5)

N	Valid	748
	Missing	0
Mean		26334
Std. Error of Mean		1262
Median		18242
Mode		9085
Sum		19697571

Respondent's estimate of total expenditure is 82% of the addition of their estimates of expenditure on individual items i.e. 18% less than the additions of the estimates for the individual breakdown items of expenditure. Generally, the estimates of totals tend to be more accurate than the addition of individual items of expenditure. So, for the purposes of estimating expenditure the percentage breakdown between the different items was taken from the statistics, but the actual amounts against any individual items were reduced by a factor of 0.82.



APPENDIX III D: YACHT VISITOR SAMPLE SURVEY - KEY FINDINGS

1. General

The Yacht Visitor sample survey took place between September 2007 and February 2008 and involved questionnaires at key locations in Port Vila. The final sample was 27.

The sample indicates the cosmopolitan environment of the yachting community. There are Australians (26%), New Zealanders (22%), Americans (22%), and Europeans (26%). Predominantly the yachtsmen are travelling for holiday purposes (78%) but there is a mix of other purposes including VFR (7%).

The travel parties comprise primarily couples (56%), but groups of friends (30%) are an important segment in the mix.

2. Length of Stay

Reflecting the ambiance of the yachting community, the length of stay in Vanuatu is substantial. The sample indicated a mean of the stay to date plus the expected further days stay to be 59.6 nights with a Relative Sampling Error of +/- 26%.

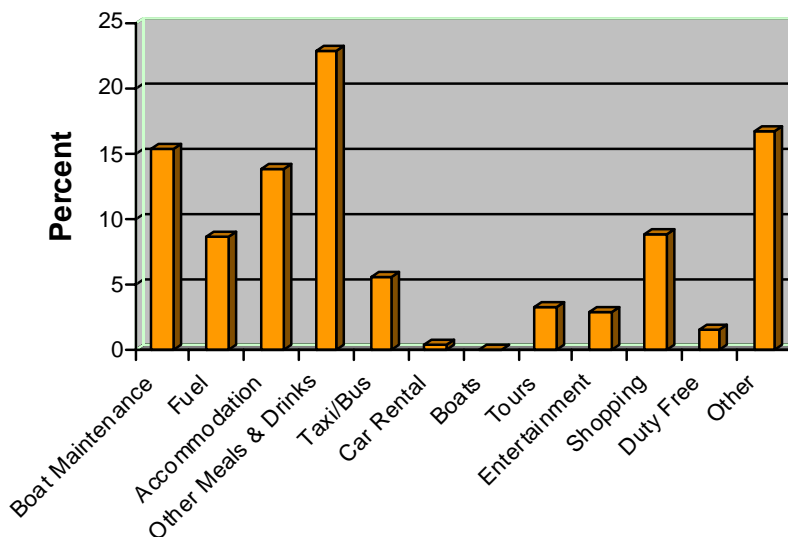
This length of stay is very much greater than the length of stay either for international visitors (7.7 nights) or for domestic travellers (10.1 nights), and is characteristic of the yachting community.

3. Breakdown of Expenditure

The sample has indicated the breakdown of their expenditure on their visit to date. So far 36 nights have been completed out of an expected average of 60 nights – approximately 60% of the trip visit.

Figure 1: Breakdown of Yacht Passenger Spending on different items

Source: Yacht Visitor Sample Survey 2007



Expenditure by Yacht visitors reflects their particular needs (Figure 1). Spending has to occur on boat maintenance and fuel. They spend relatively little on items such as car rental or tours. Duty free shopping is not a high priority for them. They do spend on local meals and drinks and have a range of other items on which they spend.

The sample indicated that their expected expenditure per day for the remainder of their stay would be Vatu 5,600, which is some 36% higher than their expenditure to date. Allowing for this expected extra expenditure, the daily spend per yachtsman can be estimated at Vatu 4,711. This is a relatively low daily spend when compared with Cruise Visitors and indeed lower on a daily basis than domestic travellers.

4. Estimating the total yacht visitor expenditure

The Sample Survey has given estimates for the average spend of Vatu 4,711 per day per yachtsman who on average will stay 60 days, giving a substantial total expenditure of 282,660 Vatu per yachtsman.

Assuming an occupancy of 3.1 yachtsmen per yacht, an average yacht would bring in Vatu 876,246.

Using the 2006 figures, some 304 yachts came for the season with 954 yachtsmen (3.1 occupancy), then the total expenditure would be around Vatu 0.27 billion, assuming the same for 2007.

ATTACHMENT 1: KEY STATISTICAL TABLES FROM THE YACHT VISITOR SAMPLE SURVEY

Country of Residence (Q1)

	Frequency	Percent	Cumulative Percent
Australia	7	25.9	25.9
New Zealand	6	22.2	48.1
USA	6	22.2	70.4
European Union	5	18.5	88.9
Other Europe	2	7.4	96.3
Other	1	3.7	100.0
Total	27	100.0	

Main Purpose of Visit (Q3)

	Frequency	Percent	Cumulative Percent
Holiday	21	77.8	77.8
Visit friends and relatives	2	7.4	85.2
Other	4	14.8	100.0
Total	27	100.0	

Travel Party (Q4)

	Frequency	Percent	Cumulative Percent
spouse/partner only	15	55.6	55.6
Family	4	14.8	70.4
group/friends	8	29.6	100.0
Total	27	100.0	

Length of Stay (Q6 & Q7)

		Statistic	Std. Error
Total Nights so far plus expected further nights	Mean	59.56	7.982
	95% Confidence Interval for Mean	Lower Bound	43.15
		Upper Bound	75.96
	5% Trimmed Mean		58.51
	Median		52.00
	Interquartile Range		73
	Skewness	.475	.448
	Kurtosis	-1.131	.872

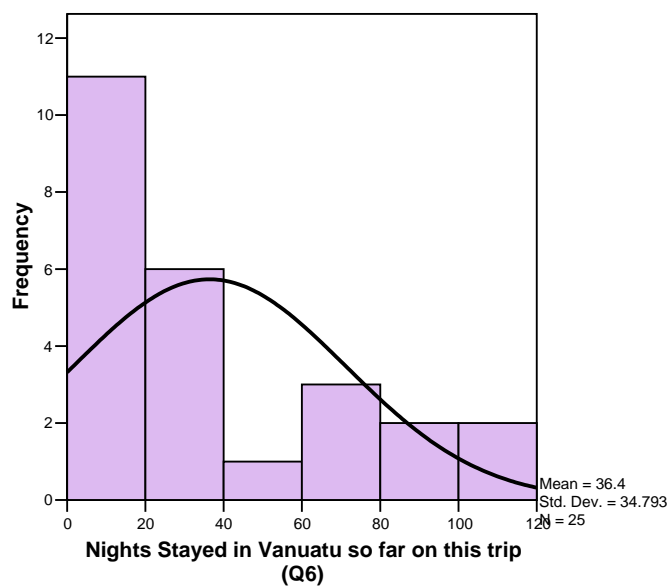
**Average Spending on different items in Vanuatu by all yacht visitors on their stay to date
(Average was 36.4 nights) (Q9)**

ITEMS	Mean Vatu	Percent Of Total
Boat Maintenance	22,900	15.3
Fuel	13,113	8.7
Accommodation	20,675	13.8
Meals & Drinks	34,170	22.8
Taxis/Buses	8,445	5.6
Car Rentals	631	0.4
Local Boat Transport	179	0.1
Tours and Activities	4,938	3.3
Entertainment/Recreation	4,359	2.9
Local Shopping	13,200	8.8
Duty Free Shopping	2,343	1.6
All Other	24,980	16.7

Expected expenditure per day (Q10)

		Statistic	Std. Error
Expected Daily Expenditure per person for remainder of your stay (Vatu)	Mean	5600.43	1863.633
	95% Confidence Interval for Mean	Lower Bound 9465.37	
	Upper Bound		
	5% Trimmed Mean	3980.68	
	Median	3500.00	

Histogram



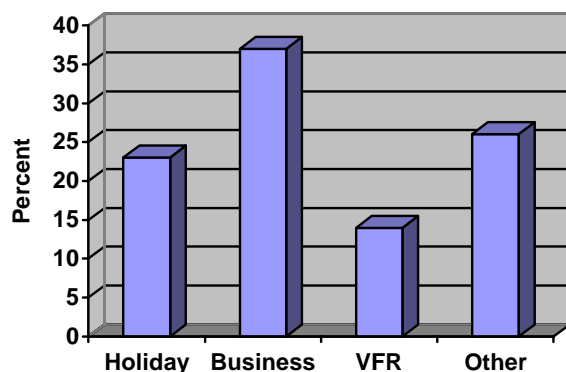
APPENDIX III E: DOMESTIC SAMPLE SURVEY - KEY FINDINGS

1. General

The Domestic sample survey took place between September and December 2007 and involved questionnaires in the domestic departure lounges in the airports of Efate, Tanna and Santo. The final sample was 202.

Business was the predominant motive for the trip (38%), whilst a series of other purposes (26%) was significant. Holiday (23%) and VFR travel (14%) were minority segments (Figure 1).

Figure 1: Main purpose of visit - Domestic Travel (Q1)



Source: Domestic sample survey 2007

The majority of domestic travellers are travelling alone (63%). Travelling with family represents only 16% of travellers, and travelling in a group or with friends involves only 12% of travellers.

The prime routes for domestic travel are between Efate and Santo and between Efate and Tanna.

2. Length of Stay

The average trip is for 10.1 nights with a Relative Sampling Error of +/- 13%. Length of stay according to purpose of trip varies with Holiday travellers staying 12.7 nights, VFR travellers staying 13.2 nights and Other purpose travellers staying 13.7 nights. Business travellers make a much shorter trip averaging 4.9 nights.

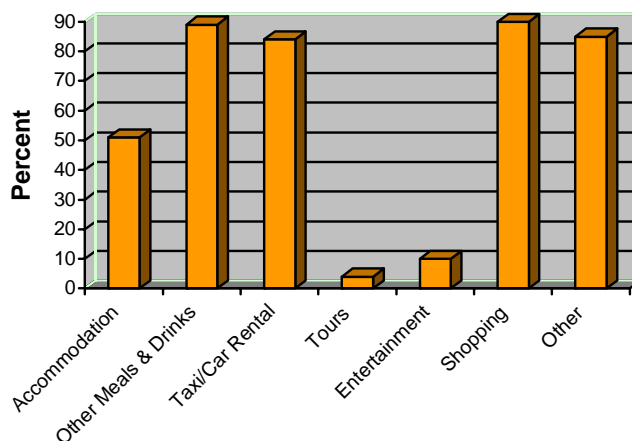
3. Breakdown of Expenditure

The sample results indicate that the mean of the total expenditure on the trip was Vatu 39,596 with a relative sampling error of +/- 11%. On an average trip of 10.1 nights, this would give a daily spend of around 3,920 Vatu.

Domestic travellers focus their spending on shopping and a variety of other items (Figure 2 and Table 1). Items such as tours and entertainment/ recreation are enjoyed neither by substantial proportions of the domestic travellers, nor is their average spend high on these items, in contrast to international holiday travellers.

Figure 2: Proportions of Domestic Travellers spending on different items

Source: Domestic Sample Survey 2007

**Table 1 - Proportions spending on different items, and breakdown of spending between the different items**

Items of Expenditure	Percent Spending	Percent
Accommodation (<i>Including meals & drinks at hotel</i>)	50.5	15.2
Other Meals & Drinks (<i>Other than in the hotel</i>)	89.1	13.5
Taxi/Car Rentals	84.2	9.0
Tours	4.0	0.4
Entertainment/Recreation (<i>water sports, diving etc</i>)	10.4	0.7
Shopping (<i>Including Duty Free and Handicrafts</i>)	89.6	34.8
All Other (<i>Including departure tax</i>)	84.7	26.4

Source: Domestic Sample Survey 2007

4. Estimating the total domestic tourism expenditure

The Sample Survey has given estimates for the average length of stay and for the expenditure breakdown for trips by domestic travellers.

Numbers of domestic travellers multiplied by the average spend per trip would give an indication of the scale of domestic tourism.

The numbers of the resident domestic population are relatively small, and those in a position to make domestic tourism trips are few.

Total population in 2006 is as follows: -

Vanuatu	221,507
Urban	50,692
Rural	170,815
Province	
Malampa	34,925
Penama	33,180
Sanma	41,595
Shefa	68,706
Tafea	33,848
Torba	9,253
Number of Households	43,312
GDP Per capita – 2005	Vatu 185,000

Source: National Statistics Office

Domestic trips in 2007 have been estimated at 75,000 and total domestic tourism (air) expenditure has been estimated at approximately Vatu 3 billion.

ATTACHMENT 1 - STATISTICAL TABLES FOR THE DOMESTIC SAMPLE SURVEY

Island of Residence of Respondent

	Frequency	Percent	Cumulative Percent
Efate	52	25.7	25.7
Santo	70	34.7	60.4
Tanna	22	10.9	71.3
Malekula	9	4.5	75.7
Ambrym	1	.5	76.2
Others	24	11.9	88.1
Not Stated	24	11.9	100.0
Total	202	100.0	

Main purpose of visit (Q1)

	Frequency	Percent	Cumulative Percent
Holiday	46	22.8	22.8
Business	76	37.6	60.4
Visit friends and relatives	28	13.9	74.3
Other	51	25.2	99.5

Not stated	1	.5	100.0
Total	202	100.0	

Island of Residence by Main purpose of visit (Q1) Crosstabulation

Island of Residence		Main purpose of visit (Q1)					Total
		Holiday	Business	Visit friends and relatives	Other	Not stated	
Efate	Count	10	17	11	13	1	52
	%	19.2%	32.7%	21.2%	25.0%	1.9%	100.0%
Santo	Count	18	31	5	16	0	70
	%	25.7%	44.3%	7.1%	22.9%	.0%	100.0%
Tanna	Count	4	14	3	1	0	22
	%	18.2%	63.6%	13.6%	4.5%	.0%	100.0%
Malekula	Count	3	3	0	3	0	9
	%	33.3%	33.3%	.0%	33.3%	.0%	100.0%
Ambrym	Count	0	0	0	1	0	1
	%	.0%	.0%	.0%	100.0%	.0%	100.0%
Others	Count	3	6	4	11	0	24
	%	12.5%	25.0%	16.7%	45.8%	.0%	100.0%
Not Stated	Count	8	5	5	6	0	24
	%	33.3%	20.8%	20.8%	25.0%	.0%	100.0%
Total	Count	46	76	28	51	1	202
	%	22.8%	37.6%	13.9%	25.2%	.5%	100.0%

Travel Party (Q2A)

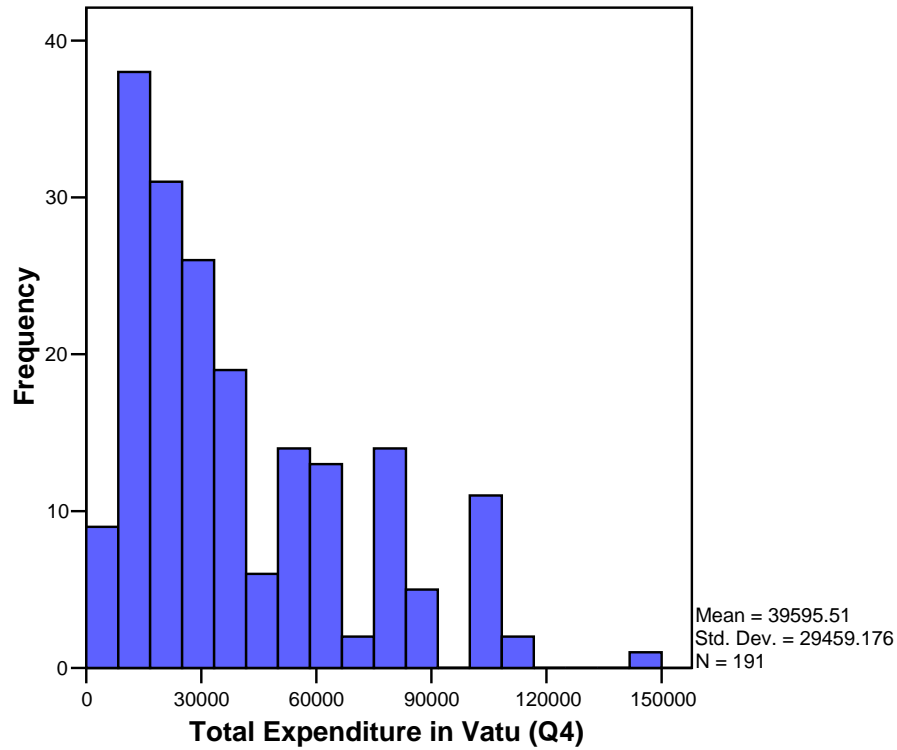
	Frequency	Percent	Cumulative Percent
Alone	127	62.9	62.9
Spouse/partner only	17	8.4	71.3
Family	33	16.3	87.6
Group/friends	24	11.9	99.5
Not stated	1	.5	100.0
Total	202	100.0	

Length of Stay - Nights (Q3)

	Statistic	Std. Error
Mean	10.06	.681
95% Confidence Interval for Mean	Lower Bound	8.72
	Upper Bound	11.41
5% Trimmed Mean	8.98	
Median	7.00	
Minimum	1	
Maximum	74	
Range	73	
Interquartile Range	10	
Skewness	2.737	.171

Kurtosis	12.240	.341
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Histogram



APPENDIX III F: BACKGROUND STATISTICS ON EMPLOYMENT**FORMAL SECTOR EMPLOYMENT BY INDUSTRY**

	1999	2000	2001	2003	2004	2005	2006
Industry	(a)	(b)	(c)	(e)	(e)	(e)	(e)
Agriculture, forestry and fishing	706	748	836				
Manufacturing	1,199	1,273	1,423				
Electricity, gas and water	147	156	174				
Construction	790	838	937				
Wholesale and retail trade	2,327	2,466	2,758				
Hotels and restaurants	1,539	1,631	1,824				
Transport and communication	969	1,027	1,152				
Finance and insurance	429	455	510				
Other business services	502	532	790				
Other services	633	671	750				
Government services	4,861	4,475	3,894				
				Non-agricultural wage employment			
Total	14,102	14,272	15,048	17297	17222	17702	20538

INFORMAL SECTOR EMPLOYMENT

	1999	2000
Sector		(d)
Transport	754	758
Nakamals	684	687
Retail	3,510	3,529
Cooperatives	53	54
Manufacturing	480	485
Fishing	150	152
Handicraft	279	277
Open air vendors	70	70
Subsistence Farmers	51,309	52,335
Total	57,289	58,347
excluding Farmers	5,980	6,012

Source: National Statistical Office

Sources: (a) 1999 Population and Housing Census

(b) Labour Market Survey 2000

(c) Estimates Based on VNPf Data

(d) Informal Sector Survey 2000

APPENDIX III G: TRANSPORT ISSUES - KEY FINDINGS

1. GENERAL

This Appendix gives background information from the various sample surveys on a number of the transport issues with which the development of tourism has become involved that are internal to the country.

These issues concern:

- Visits to different parts of Efate by tourists
- The use of tourism transport facilities by tourists
- Visits to the Other Islands other than Efate by tourists
- Transport costs for businesses

Each of these issues is discussed in the following sub-sections under the different sample surveys.

2. INTERNATIONAL TOURISTS

Visits to different parts of Efate by tourists

For international tourists, some 59% indicate that they travelled to other parts of Efate. Percentages visiting key locations in Efate were as follows: -

Hideaway Island	32.9%
Mele Cascades	28.3%
Round Island Tour	19.8%
North Efate/ Havannah Harbour	13.0%
Other sites	22.2%

In addition to the above, there were a whole range of sites quoted under 'Other Sites' as being visited by tourists (See Attachment). Clearly international tourists to Vanuatu want to see different sites. It is not a 'stay in the resort hotel' style of tourist destination.

The use of tourism transport facilities by tourists

The sample survey showed a substantial number of tourists using buses and taxis for travelling to different parts of Efate Island, a combined percentage of 41%. Car rental is modestly used at 6% (Table 1).

Table 1: Transport used in visit to other parts of Efate (Q12B)

	Frequency	Percent
Taxi	132	8.6
Bus	506	32.8
Rental car	91	5.9
Boat	31	2.0
Private car	87	5.6
Other	56	3.6
Total	1542	100.0

Source: International Visitor Sample Survey 2007

Visits to the Other Islands other than Efate by tourists

As well as travelling within Efate, tourists are keen to see other islands. Some 22% of the sample visited other islands. Some visited more than one other island (Table 2).

Table 2: International Visitors Travelling To Other Islands

	Percent	Frequency	Nights	Implied Numbers	Implied Nights
Island					
Santo	9.9%	152	4.2	8053	33823
Tanna	11.9%	184	3.0	9680	29040
Malekula	2.3%	36	4.0	1871	7484
Ambrym	1.7%	26	1.8	1383	2489
Pentecost	0.6%	9	2.8	488	1367
Ambae	1.1%	17	2.0	895	1790
Others	3.6%	55	4.9	2928	14349
			Total	25298	90342
Total International Visitors 2007					
81,345					
Average Nights		7.7			
Total Nights		626357			

Source: International Visitor Sample Survey 2007

For details on the nights in the different islands, see the Attachment at the end of this Appendix. Caution must be used with the figures as frequencies in the samples are small. Several sample statistics have been used and multiplied together. The total figures should be seen as 'orders of magnitude'.

3. CRUISE VISITORS

Visits to different parts of Efate by Cruise Visitors

For Cruise Visitors, some 36.9% indicate that they travelled to other parts of Efate. Percentages visiting key locations in Efate were as follows: -

Hideaway Island	10.4%
Mele Cascades	13.8%
Round Island Tour	10.4%
North Efate/ Havannah Harbour	0.9%
Eton Beach	1.7%
Blue White Sands	3.1%
Other sites	10.6%

In addition to the above, there were a whole range of sites quoted under ‘Other Sites’ as being visited by Cruise Visitors. Clearly Cruise Visitors to Vanuatu do want to see different sites and get around the island as well as finding time for their shopping activities.

The use of tourism transport facilities by Cruise Visitors

The sample survey showed a substantial number of tourists using buses and taxis for travelling to different parts of Efate Island, a combined percentage of 32%. Car rental is modestly used at 2% (Table 3).

Table 3: Transport used in visits to other parts of Efate by Cruise Visitors

	Frequency	Percent
Taxi	101	13.5
Bus	138	18.4
Rental car	18	2.4
Boat	5	.7
private car	3	.4
Other	14	1.9
Total	748	100.0

Source: Cruise Visitor Sample Survey 2007

Visits to the Other Islands other than Efate by Cruise Visitors

Some 15.9% of Cruise Visitors indicated that they had visited Other islands in Vanuatu other than Efate. Some had visited more than one island (Table 4).

Table 4: Cruise Visitors Travelling to Other Islands

	Percent	Frequency	Days	Implied Numbers	Implied Days
Island					
Santo	13.6%	102	1.3	11,685	15,190
Tanna	0.0%	0	0	0	0
Malekula	9.1%	68	1.0	7,819	7,819
Mystery	0.7%	5	1.0	601	601
Others	0.7%	5	1.0	601	601
			Total	20,706	24,211
Total Cruise Visitors 2007					
85,922					
Average Days		1.0			
Total Days in Efate		85,922			

Source: Cruise Visitor Sample Survey 2007

Expenditure in the Other Islands by Cruise Visitors

The sample survey indicates that expenditure on the other islands is much less than on Efate. Partly this may be because of the lack of spending opportunities on Other Islands

The Frequencies are small for information on expenditure on Other islands so the figures must be treated with some caution (Table 5). Several sample statistics have been used and multiplied together. The total figures should be seen as 'orders of magnitude'.

Table 5: Total Expenditure by Cruise Visitors in Other Islands

Spending Item	Frequency	Percent spending on this item	Implied Numbers	Spend by those Spending - Vatu	Total Expenditure Vatu m
Meals & Drinks	32	27%	5568	3301	18.4
Taxis & Buses	16	13%	2784	4530	12.6
Car Rental	0	0%	0	0	0.0
Local Boat Trips	2	2%	348	1136	0.4
Tours bought on shore	23	19%	4002	4856	19.4
Tours bought Beforehand	15	13%	2610	10621	27.7
Entertainment/ Recreation	3	3%	522	2036	1.1
Local Shopping	37	31%	6438	5077	32.7
Duty Free Shopping	4	3%	696	13554	9.4
Other	2	2%	348	894	0.3

Total						122.0
Total Frequency Visiting Other Islands 119						

Source: Cruise Visitor Sample Survey 2007

Several sample statistics have been used and multiplied together. The total expenditure figure should be seen as an 'order of magnitude'.

4. YACHT VISITORS

Visits to different parts of Efate by Yacht Visitors

For Yacht Visitors, some 63% indicate that they travelled to other parts of Efate. Percentages visiting key locations in Efate were as follows: -

Hideaway Island	33%
Mele Cascades	26%
Round Island Tour	26%
North Efate/ Havannah Harbour	0%
Eton Beach	7%
Blue Water Resort/ White Sands	0%
Other sites	11%

In addition to the above, only Irriki and Emau Island are mentioned apart from a couple of the leading hotels.

The use of tourism transport facilities by Yacht Visitors

The sample survey showed a substantial number of yacht visitors using buses for travelling to different parts of Efate Island. Car rental and taxis appear to be of minimal interest to Yachties, probably reflecting their long length of stay and modest daily expenditure levels (Table 6).

Table 6: Transport used in visits to other parts of Efate by Yacht Visitors

	Frequency	Percent
Bus	11	40.7
rental car	1	3.7
Boat	2	7.4
Private car	2	7.4
Other	1	3.7
Total	27	100.0

Source: Yacht Visitor Sample Survey 2007

Visits to the Other Islands other than Efate by Yacht Visitors

The sample indicates that the Yachtsmen do travel around the islands. Some 74% indicated that they had visited other islands in Vanuatu including the following (Table 7): -

Table 7: Yachtsmen's Visits to Islands other than Efate

Other Island Visited	Percentage of all Yachtsmen vis	Approximate Stay in Nights
Santo	30%	13 – 20 nights
Tanna	44%	4 - 21 nights
Malekula	48%	4 – 20 nights
Ambrym	46%	4 – 15 nights
Others	41%	2 – 30 nights

Source: Yacht Visitor Sample Survey 2007

Expenditure in the Other Islands by Yacht Visitors

The sample survey indicates that expenditure on the other islands is less than on Efate. Partly this may be because of the lack of spending opportunities on Other Islands

The Frequencies are small for information on expenditure on Other islands so the figures must be treated with extreme caution (Table 8). Several sample statistics have been used and multiplied together. The total figure should be seen as an 'order of magnitude'.

Table 8: Total Expenditure by Cruise Visitors in Other Islands

954	Yachtsmen				
Other Island Visited	Percentage of all Yachtsmen visiting	Average Length of Stay	Implied Numbers	Implied Nights	Spend Vatu Millions
Santo	30%	17	286	4722	10.4
Tanna	44%	8	420	3218	7.1
Malekula	48%	11	458	4865	10.7
Ambrym	46%	7	439	3072	6.8
Others	41%	9	391	3364	7.4
Average Spend	2200 Vatu per day		Total	19242	42.3

Source: Yacht Visitor Sample Survey 2007

5. DOMESTIC TOURISTS

Visits to different Islands by Domestic Tourists

The sample was drawn from domestic tourists departing from the airports in Efate, Santo and Tanna so inevitably this colours the pattern of travel recorded, but this captures the main flows between islands (Table 9).

Table 9: Domestic Travel from and to in the sample

Island of Residence	Frequency	Visiting Santo	Visiting Tanna	Visiting Malekula	Visiting Ambrym	Visiting Others
Efate	52	21	31	0	0	2
Santo	70	0	2	0	0	69
Tanna	22	1	2	0	0	19
Malekula	9	6	0	0	0	3
Ambrym	1	0	0	0	0	1
Others	24	0	13	0	0	11
Not Stated	24	23	1	0	0	0
Total	202	51	49	0	0	105

In Table 9, 'Visiting Others' will mainly involve Efate for Residents of Santo, Tanna, Malekula and Ambrym.

Table 10: Transport used in travelling in destination

	Frequency	Percent
Taxi	95	47.0
Bus	63	31.2
rental car	6	3.0
Private car	25	12.4
Other	12	5.9
Total	202	100.0

Domestic tourists heavily use taxis and buses (combined 78%), though a significant proportion have access to private cars (12%) (Table 10).

6. BUSINESS SURVEY

The Business Survey attempted to ascertain how significant the issue of transport costs might be to the various tourism-related businesses.

Fuel and Transport Costs are seen as really substantial items for the tourism businesses, but it is reasonable to say that fuel is not only used for transport purposes, it can be used for power generation etc.

Table 11: Transport and Fuel Costs for Businesses

	Fuel and Transport Costs as Not sourced locally percentage of turnover	
Hotels and Accommodation	31%	58%
Tour Operators	25%	53%
Other Transport	12%	37%
Wholesale/retail	4%	100%

The figures from the sample have to be treated with caution because the frequencies are not large (Table11), and they should not be used for carrying out further calculations.

The interpretation that can be put upon these figures is that transport and fuel costs are seen as significant costs in the tourism operations. Not surprisingly most of these costs cover items that have to be imported. So, the efficient and effective use of these resources is mandatory for the benefit of the local Vanuatu economy.

ATTACHMENT 1 - STATISTICAL TABLES ON TRANSPORT

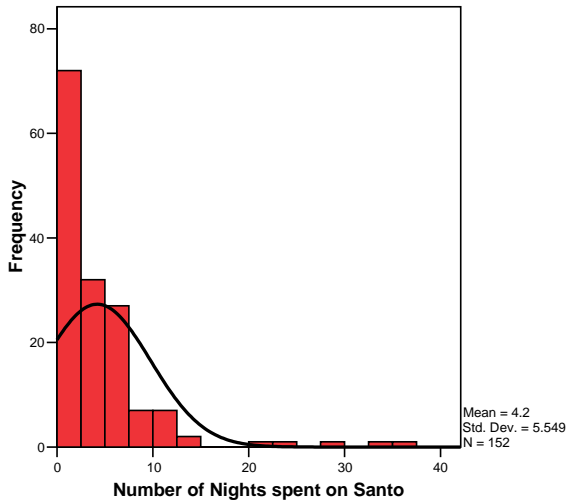
INTERNATIONAL

Other Places in Efate specified, included: -

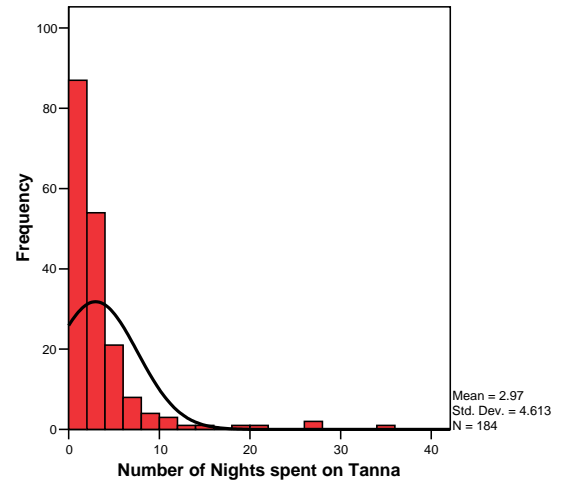
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Club Hippique
Congoola Cruise
Coonies Place
Coral Island
Ekasup Cultural Village
Emua Village
Erakor
Eratap Resort
Eratap, Pango
Eton Beach
Hat Island
Honey Bay
Iririki Island
Lelepa Day Tour
Lololima Falls
Moso Island
Ngunu Island
Pango Point
Paradise Cove
Pele Island
Survivor Island
Tamanu Beach
Tara Beach
Tranquility Island
Turtle Bay
Undine Bay
Whitesands
WW2 Caves

ATTACHMENT 2- INTERNATIONAL – LENGTH OF STAY IN OTHER ISLANDS

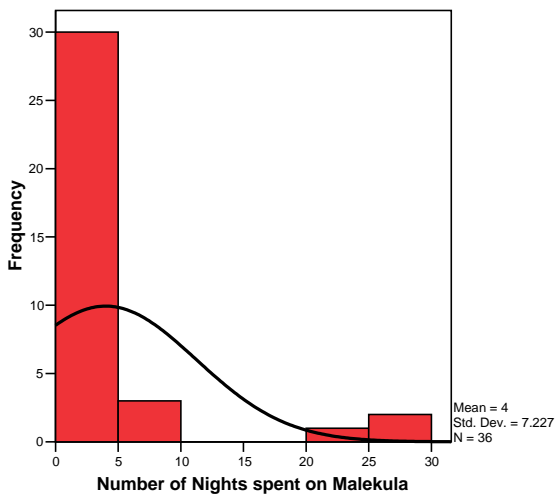
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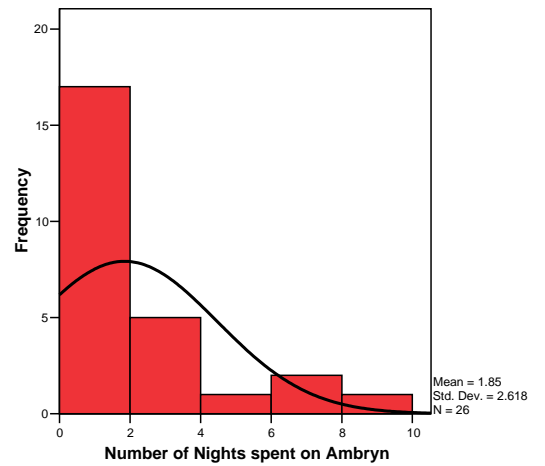
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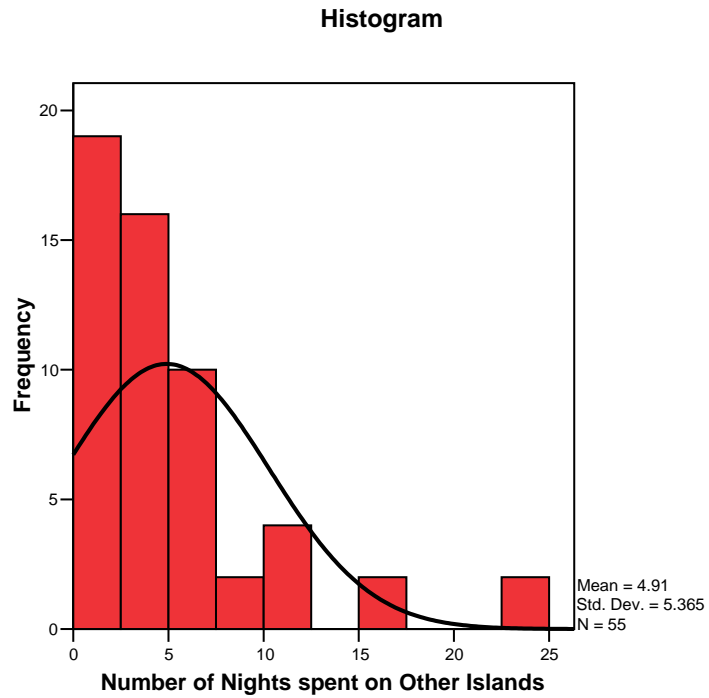
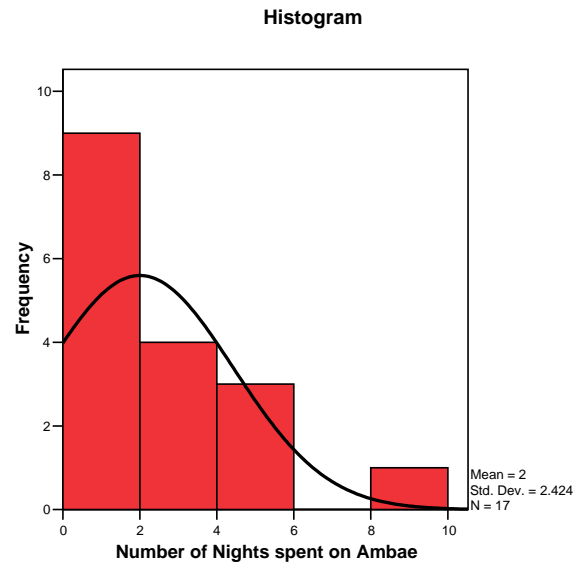
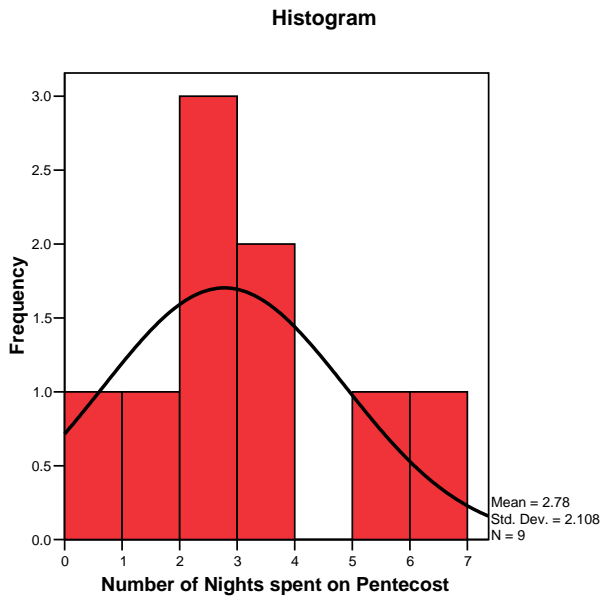


Histogram



Histogram





APPENDIX III H: KEY FINDINGS FROM THE TOURISM BUSINESS SURVEY

1. General

The Tourism Business Survey took place from September 2007 to February 2008. Some 103 questionnaires and telephone interviews were completed out of an initial contact database of 350 companies connected to the tourism sector.

Businesses in islands other than Efate were interviewed but the sample is too small to distinguish between the islands (Table 1).

Table 1: Type of Business by Island on which business is located – Cross-tabulation

Type of Business	Island on which business is located						Total
	EFATE	SANTO	MALEKULA	TANNA	OTHER		
Hotel/ Accommodation	32	5	1	6	3		47
Tour operator/Inbound operator	14	7	0	2	0		23
Other transport	3	1	0	0	1		5
Retail/shops	6	2	0	0	0		8
Other	18	0	0	0	2		20
Total	73	15	1	8	6		103

Source: Tourism Business Survey 2007/08

The broad intention of the Tourism Business Survey was to try to understand the operations of the businesses with a view to assessing various economic variables, including the value added that they are achieving, the employment that they are generating and various aspects associated with what is called ‘leakage’ or ‘retention’.

A reasonable coverage according to the size of the businesses was achieved as can be seen in the Tables in the Attachment at the end of this Appendix. Businesses had turnovers of between ‘< 1 million Vatu’ through to more than ‘Vatu 400 million’. Overall the sample businesses covered a turnover of more than Vatu 7 billion.

2. Value Added

Value added was calculated from estimates of the business operations of the sampled companies that are described as labour costs (compensation of employees) and gross operating profits (gross operating surpluses).

From the sample, value added varies between 40.8% and 55.1% according to the different types of business (Table 2)

Table 2: Value Added according to different types of businesses

Items as percentage of gross revenue	Type of Business					Total
	Hotel/ Accommodation	Tour operator/ Inbound operator	Other transport	Retail/ shops	Other services	
Gross Operating Profit%	16.2	17.7	20.5	21.4	15.5	17.7
Labour Cost (%)	24.6	27.2	25.5	33.7	34.4	27.1
Value Added %	40.8	44.9	46.0	55.1	49.9	44.7

Source: Tourism Business Survey 2007/08

Value-added is the key contribution to Gross Domestic Product. Whilst the businesses interviewed are a sample of the businesses the frequencies are very small and the responses are percentages given by the respondents on behalf of their businesses. The averages are simple averages of the various responses by the businesses. As such these averages should be seen as indicative. On balance, our judgement is that the estimates for value-added appear reasonable when considered against the National Accounts and other sources.

3. Employment

Our sample of businesses covered full time employment of more than 1200 and part-time employment of more than 500.

Whilst employees in hotels and tour operations could be described as employees wholly dedicated to tourism employment, this may not be the case in some of the other industries such as retail shops, banking services etc.

Table 3: Employment in the businesses in the sample by the islands

	EFATE	SANTO	MALEKULA	TANNA	OTHER	Total
Full Time	1009	140	2	68	30	1249
Part-time	295	66	5	25	148	539
FTE	3.0	98	22	2	8	180
Expatriate	48	4	0	0	2	54
Total FTE	1155	166	4	76	81	1483
Breakdown	77.9%	11.2%	0.2%	5.1%	5.5%	100.0%
Part-time as % Full-time	29.2%	47.1%	250.0%	36.8%	493.3%	43.2%
Expatriate as % FTE	4.2%	2.4%	0.0%	0.0%	2.5%	3.6%

Source: Tourism Business Survey 2007/08

There is no simple way to extend the numbers from the sample into an estimate of employment for the 'population'. A crude extrapolation by 3.5 to allow for a sample of 103:350 would give a full-time equivalent number of 5,000 approximately. The principal difficulty in estimating employment

generated by tourism is that employment is not an easily divisible unit that can be added up in different ways as can be done with money. The bank employee who spends 10 percent of his/her working time dealing with tourism and 90 percent dealing with non-tourism activities could be described as an 0.1 full-time job equivalent in tourism, but this is not a feasible way to obtain such statistics.

Another method of estimating employment is to take the sample statistics of 1483 FTEs and gross up by the ratio between Total Tourist Expenditure in Vanuatu (approx Vatu 18 billion) and the turnover in the sample (approx Vatu 7 billion). This gives a figure of approximately 3,800 full time equivalent employment generated by tourism spending. This method is considered to be suitable for the establishment of a Baseline figure on employment.

Table 4: Employment in the businesses in the sample by the type of business

Employment	Hotel/ Accommodation	Tour operator/ Inbound operator	Other transport	Retail/ shops	Other	Total
Full Time	615	206	145	98	185	1249
Part-time	182	92	25	35	205	539
FTE	3.0	61	31	8	12	180
Expatriate	48	4	0	0	2	54
Total FTE	724	241	153	110	255	1483
Breakdown	48.8%	16.2%	10.3%	7.4%	17.2%	100.0%
Part-time as % Full-time	29.6%	44.7%	17.2%	35.7%	110.8%	43.2%
Expatriate as % FTE	6.6%	1.7%	0.0%	0.0%	0.8%	3.6%

Tourism employment is focused upon Efate Island, then to a much smaller extent upon Santo and then to a smaller extent again, upon Tanna and upon Other Islands. Hotel employment makes up around half the total of Tourism employment and then to a much smaller extent is made up by tour operators and transport operators.

Expatriate employment is focused upon Efate Island and upon the Hotel Industry.

4. 'Leakage' or 'Retention'

'Leakage' or its opposite 'Retention' tends to revolve around: -

- Bringing in goods and services from outside of Vanuatu as part of normal operations
- Remissions of salaries by expatriate workers in the industry
- Remission of Profits by overseas investors

Each of these is discussed below.

Imports and Goods and Services

The sample gave an indication of the goods and services that they needed to source outside of local sources (Table 5).

Table 5: Import Support for Operations

	Type of Business					Total
	Hotel/ Accommodation	Tour operator/ Inbound operator	Other transport	Retail/ shops	Other services	Total
Intermediate Consumption (IC) as a percentage of gross revenue	59.2	55.1	54.0	44.9	50.1	55.3
Import as % of IC	49%	49%	26%	24%	43%	49%

The sample indicates a relatively high level of support from sources outside of Vanuatu. This reflects the modest scale of the Vanuatu economy. The principal economic impact is that money used for imports that could have circulated within the Vanuatu economy now circulates within the economy supplying the necessary goods and services.

The overall implication is that, according to the sample, about 27% of gross revenues from tourism is used to bring in goods and services from overseas for normal operations. (Calculated as 49% of 55.3% = approx 27%)

Remissions of expatriate salaries

According to the sample, the numbers of expatriates concerned with tourism is only about 3.6% of the tourism workforce. Mostly they are management level/ specialist level/ owners of businesses. There are no significant numbers of low-cost expatriate workers as occurs, say, in the Middle East or in London. Some of the expatriates will be remitting parts of their salary overseas, but overall it looks unlikely that this will exceed 1% of gross revenues from tourism.

Remissions of profits to overseas investors

According to the sample, the breakdown between businesses with majority of Vanuatu shareholders and businesses with the majority of foreign shareholders is 54:46 when viewing the control over gross revenues/ turnover.

Since typical gross operating profits are only 18% of gross revenue to meet all financial charges, there appears to be relatively modest scope for remitting profits to overseas shareholders in the businesses. The maximum potential might be 1 or 2% of gross revenues. Of course, this can always change from year to year.

The total 'leakage' figure is estimated to be 30%, as a broad order of magnitude.

Overall, this issue of 'leakage' or 'non-retention' is an important one and can be seen as a challenge to be addressed by the Vanuatu Government.

The scope for reducing salary remissions is relatively small. Nonetheless more training of local people for tourism jobs at all levels looks to be something which could reduce such 'non-retention' in the future and should not be overlooked.

Bringing more local people into ownership of tourism businesses may be a way of offsetting any necessary remissions to pay for overseas capital.

The big opportunity for the Vanuatu Government is in trying to seek ways in which supplies to the local tourism industry could be met by local producers.

ATTACHMENT 1 - STATISTICAL TABLES FOR THE BUSINESS SURVEY**Gross Revenue in the last financial year by Island on which business is located – Cross-tabulation
(Unit is businesses)**

Gross Revenue in the last financial year	Island on which business is located						Total
	EFATE	SANTO	MALEKULA	TANNA	OTHER		
< 1 million VT	4	2	0	2	1		9
1 - 5 million VT	15	4	0	1	0		20
6 - 10 million VT	7	1	0	0	2		10
10 - 20 million VT	9	1	0	2	1		13
20 - 30 million VT	4	0	0	0	0		4
30 - 40 million VT	4	1	0	1	1		7
40 - 50 Million VT	5	0	0	0	0		5
50 - 100 million VT	8	1	0	1	1		11
100 - 200 million VT	6	4	1	1	0		12
200 300 million VT	4	0	0	0	0		4
300 - 400 million VT	3	0	0	0	0		3
>400 million VT	2	1	0	0	0		3
Not Stated	2	0	0	0	0		2
Total	73	15	1	8	2		103

**Gross Revenue in the last financial year by Type of Business - Cross-tabulation
(Unit is businesses)**

Gross Revenue	Hotel/ Accommodation	Tour operator/ Inbound operator	Other transport	Retail/ shops	Other	Total
< 1 million VT	4	1	1	1	2	9
1 - 5 million VT	8	8	1	1	2	20
6 - 10 million VT	2	4	0	2	2	10
10 - 20 million VT	10	3	0	0	0	13
20 - 30 million VT	3	0	0	0	1	4
30 - 40 million VT	4	1	0	0	2	7
40 - 50 Million VT	3	0	1	0	1	5
50 - 100 million VT	4	2	1	0	4	11
100 - 200 million VT	5	3	0	2	2	12
200 300 million VT	0	0	0	2	1	4
300 - 400 million VT	1	0	0	0	2	3
>400 million VT	1	1	1	0	0	3
Not Stated	2	0	0	0	0	2
Total	47	23	5	8	20	103

Gross Operating Profit
(Unit is businesses)

	Frequency	Percent	Cumulative Percent
0 - 5%	16	15.5	15.5
6 - 10%	17	16.5	32.0
11 -15%	17	16.5	48.5
16 - 20%	12	11.7	60.2
21 - 25%	6	5.8	66.0
26 - 30%	14	13.6	79.6
31 - 35%	7	6.8	86.4
40%+	7	6.8	93.2
Not stated	7	6.8	100.0
Total	103	100.0	

Number of years business has been operating
(Unit is businesses)

	Frequency	Percent	Cumulative Percent
< 1 year	2	1.9	1.9
1 - 2 yrs	11	10.7	12.6
3 years	12	11.7	24.3
4 years	20	19.4	43.7
5 years	5	4.9	48.5
6 - 7 yrs	9	8.7	57.3
8 - 9 yrs	7	6.8	64.1
>10 years	36	35.0	99.0
Not stated	1	1.0	100.0
Total	103	100.0	

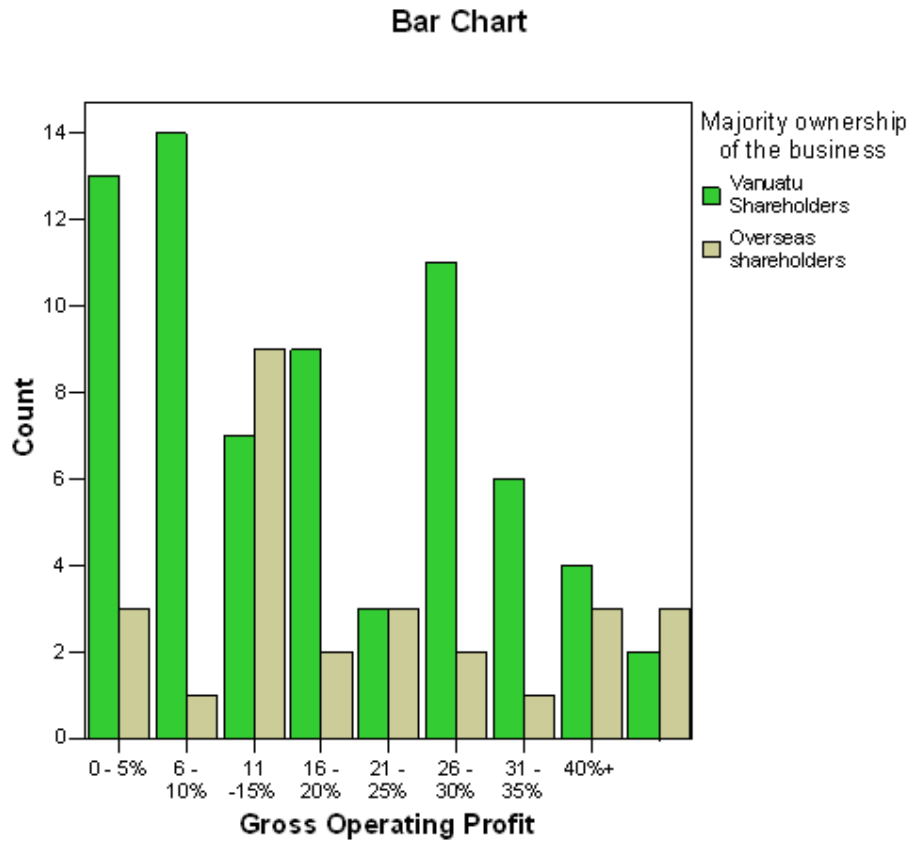
Breakdown of the Business Operations

	Type of Business					Total
	Hotel/ Accommodation	Tour operator/ Inbound operator	Other transport	Retail/ shops	Other services	Total
Gross Operating Profit (% of total revenue)	16.2	17.7	20.5	21.4	15.5	17.7
Labour Cost (% of total revenue)	24.6	27.2	25.5	33.7	34.4	27.1
Value Added (% of total revenue)	40.8	44.9	46.0	55.1	49.9	44.7
Intermediate Consumption (IC) (% of total revenue)	59.2	55.1	54.0	44.9	50.1	55.3
Import as % of IC	49%	49%	26%	24%	43%	49%

Table: Numbers of employees in the sample broken down by Islands

Number of full time employees in the sample		EFATE	SANTO	MALEKULA	TANNA	OTHER	Total
Number of full-time employees		1009	140	2	68	30	1249
Breakdown		80.8%	11.2%	0.2%	5.4%	2.4%	100.0%
Number of part-time employees in the sample							
Breakdown		295	66	5	25	148	539
		54.7%	12.2%	0.9%	4.6%	27.4%	100.0%
Number of expatriate employees							
Breakdown		48	4	0	0	2	54
		88.9%	7.4%	0.0%	0.0%	3.7%	100.0%

Figure: Tourism Business Ownership and Level of Gross Operating Profits



Estimates of GDP utilised the following figures as well as discussions with NSO, DESD and a review of the 2007 Government Budget documents.

Gross Domestic Product Account – at current prices in million Vatu

	2001	2002	2003	2004	2005	2006
Compensation of Employees	13906	13172	13475	14196	14962	17073
Gross Operating Surplus	14744	13390	15049	16459	18787	21217
Total Factor Income	28650	26562	28524	30469	33749	38290
Taxes less Subsidies on Production and Imports	5475	5395	5661	6214	6638	7611
Gross Domestic Product	34125	31957	34185	36863	40387	45901

Source: National Accounts of Vanuatu