

# ECONOMIC IMPACT OF INTERNATIONAL YACHTING IN TONGA



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## **Market Development Facility**

The Market Development Facility (MDF) is a multi-country initiative that promotes sustainable economic development, through higher incomes for women and men, in our partner countries.

We support partners from business and government to identify and grow commercial opportunities that are profitable, scalable, and deliver social and environmental value.

This publication was commissioned by MDF and the Tonga Ministry of Tourism (MOT). MDF is funded by the Australian Government and co-funded by the New Zealand Government in Samoa, Vanuatu and Tonga. It is implemented by Palladium, in partnership with Swisscontact. The views expressed in this publication are the authors' alone and are not necessarily the views of either government.

# EXECUTIVE SUMMARY

Yachting is a small but growing part of Tonga's nautical tourism market and represents an important opportunity to diversify Tonga's tourism sector. Yachting tourists typically stay longer and spend more than other types of tourists, and frequently visit remote regions and communities that do not usually benefit from general tourism. There is a lack of data on the yachting industry in Tonga. Market Development Facility (MDF), the Tonga Ministry of Tourism (MOT) and the Tonga Tourism Authority (TTA) have collaborated to complete the first independent economic impact assessment of Tonga's yachting industry.

Key research findings on yachts entering Tonga in 2023 are listed below.



An estimated 560 yachts visited Tonga in 2023, including 17 superyachts and 543 yachts under 24 metres.



Superyachts spent an average of TOP 161,098 per visit in Tonga, resulting in an overall direct spend of TOP 2.7 million.



Most yachts across the Pacific come from Europe or the United States, with some yachts from New Zealand and Australia.



Yachts under 24 metres spent an average of TOP 13,852 per visit, resulting in an overall direct spend of TOP 7.5 million in one year.



Visiting yachts brought 1,407 crew and an additional 671 guests to Tonga.



Most yachts base themselves out of the yachting centres (Vava'u and Tongatapu) but cruise out to many remote parts of Tonga.



The 560 yachts that arrived in 2023 spent TOP 9.2 million (USD 3.9 million) on fuel, maintenance, dockage, food provisioning, visiting villages, restaurants, and other tourism activities. When indirect expenditure is added to this, yachting and related support industries contributed TOP 15.4 million (USD 6.5 million) to Tonga's economy in 2023.



On average, superyachts stayed in Tonga for 11 days, while yachts under 24 metres stayed for 30 days.

The yachting industry has the potential to become a significant source of foreign exchange and a driver of tourism growth for Tonga. This would require combined efforts by government, businesses, communities, and regional organisations. This study recommends the following activities to support growth of the yachting industry in Tonga.

- 1 Regional marketing initiatives to encourage trans-Pacific yacht visitation and multi-season stays.
- 2 Improve coordination and promotion of New Zealand yacht rallies.
- 3 Review the potential economic benefits from creating a more viable regulatory environment for bareboat charter operations in Vava'u.
- 4 Review immigration entry requirements and customs' temporary import limits to enhance both short and long stay visitation.
- 5 Enhance promotion of unique attractions to enable trans-Pacific yachts to prioritise time in Tonga.
- 6 Coordinate efforts to improve the range and depth of yacht services in Tonga and Vava'u, in particular.
- 7 Formalise the regulatory environment for chartering.

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## Foreword

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AMSTEC Pty Limited (AMSTEC) publication produced for The Market Development Facility (MDF). The research and analysis undertaken by AMSTEC uses baseline data derived from consultants' visits to Tonga, interviews with stakeholders, an online international targeted survey, Automated Identification System (AIS) data, and our expert industry knowledge.

AMSTEC and specialist sub-consultants were responsible for the fieldwork surveys, training of The Ministry of Tourism Tonga (MOT) and MDF fieldwork staff, research and analysis, preparation of this report and the validation workshops. AMSTEC project lead was Adrian Sammons. Specialist sub-consultants were Rory Garland (analysis of surveys, data and market assessment), and Leo Drynan (economic impact model and analysis).

## Notations and Limitations

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AMSTEC excludes implied warranties and conditions, to the extent legally permissible.

The services undertaken by AMSTEC in connection with preparing this report were limited to those specifically detailed in the report and are subject to the scope of limitations set out in the report and guided by the original MDF terms of reference.

The opinions, conclusions and any recommendations in this report are based

on conditions encountered and information reviewed at the date of preparation of the report. AMSTEC has no responsibility or obligation to update this report to account for events or changes occurring after the date that the report was prepared.

AMSTEC otherwise disclaims responsibility to any person other than MDF arising in connection with this report. MDF consultant contract reference number: GBL PC01 SOP01 TL23 21 August 2023

## Acknowledgements

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We are grateful to the stakeholders in Tonga's yachting industry and the government agencies in Tonga, particularly the Tonga Tourism Authority MOT and The Boatyard, Vava'u, for helping coordinate in-country visits, sharing information, providing advice and hosting validation workshops throughout the preparation of this report. Acknowledgement

to Ministry of Revenue & Customs Tonga, who provided supporting yacht clearance data at the early stages of the study, and to the Ports Authority of Tonga who provided data to support validation of yacht visits.

Finally, our sincere gratitude to Josefa Vanuaca, Business Adviser at MDF and Joe Ceasar at The Boatyard Vava'u for their professional coordination of this project. Josefa and Joes' energy and enthusiasm in support of our efforts was a major contribution to the study.

## Statement of Use

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This is a Tonga yachting industry report prepared by AMSTEC Pty limited (AMSTEC), with the assistance of The Tonga Ministry of Tourism (MOT) and supported by The Market Development Facility (MDF).

This report may only be used and relied on by MDF and Partners for the purpose agreed

in the terms of reference and as set out in this report. Surveys were conducted between 14 September and 31 December 2023 with additional yacht and superyacht data supplied by direct interviews with yacht skippers and suppliers to the industry in September and October 2023.

# Key findings

This is the first independent economic assessment of the Tonga international yachting industry. A total of 73 out of 560 visiting yachts completed the surveys, which provided data for baseline analysis. Of the 73 surveyed yachts, all were regular yachts, classified as being under 24 meters in length. No superyachts, which are classified as being over 24m in length, were surveyed.

A survey response rate of 13% was attained, which is above the industry standard of 10%. A combination of surveys of yacht skippers/owners and web-based surveys facilitated by consultant/industry partners were used.



Superyacht responses were drawn from data provided by interviews with superyacht agents and other sources. Previous Fiji superyacht survey data was explored to add value. Overall, the responses were reliable and internally consistent.



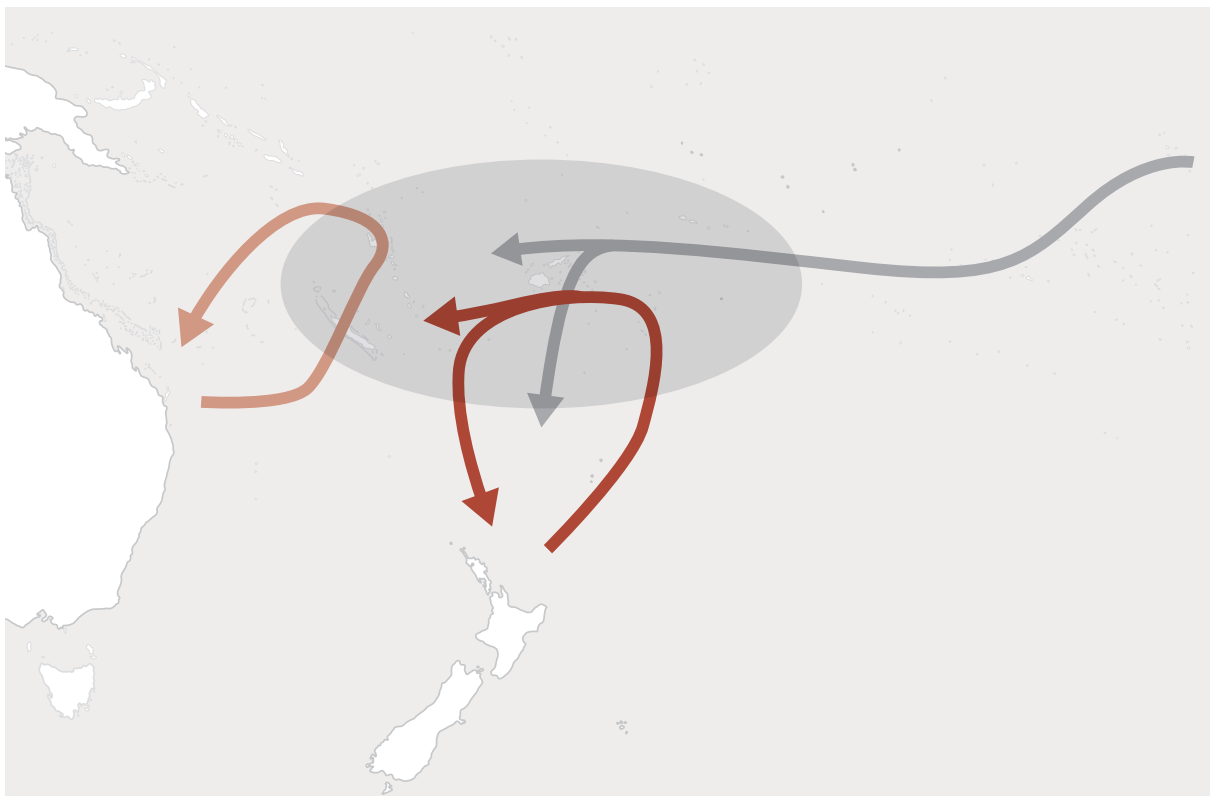
## Yachts and spending whilst in Tonga

- An estimated 560 visiting yachts were in Tonga during 2023, including 17 superyachts and 543 yachts under 24m.
- The visiting yachts brought 1,407 crew and an additional 671 guests to Tonga (most of whom would have flown in and out while in Tonga).
- The average superyacht remained in Tonga for 11 days, while the average yacht under 24m stayed 30 days.
- Average superyacht spent around Pa'anga 161,098 during their time in Tonga, with an overall direct spend of Pa'anga 2.7M.
- Each yacht under 24m spent Pa'anga 13,852 while in Tonga, with an overall direct spend of Pa'anga 7.5M.
- This Pa'anga 10.4M foreign exchange was spent directly in Tongan businesses and communities for fuel, maintenance, dockage, food provisioning, restaurants, bars as well as cultural visits and a range of other tourism activities.
- While most expenditure was focussed on the main yachting centres (Vava'u and Tongatapu), impacts would also have been spread across the remote parts of Tonga visited by yachts.
- These are communities that do not usually benefit from general tourism impacts.



## International Yacht voyage routes to / from Tonga

- Most visiting yachts come from New Zealand, Australia, Europe, or the United States. They are very much driven by the seasons, with numbers dwindling significantly during cyclone season.
- There are two basic migration patterns that bring yachts to Tonga – across the Pacific and from New Zealand. The South Pacific migratory route from Australia would be very unlikely to bring yachts as far east as Tonga.

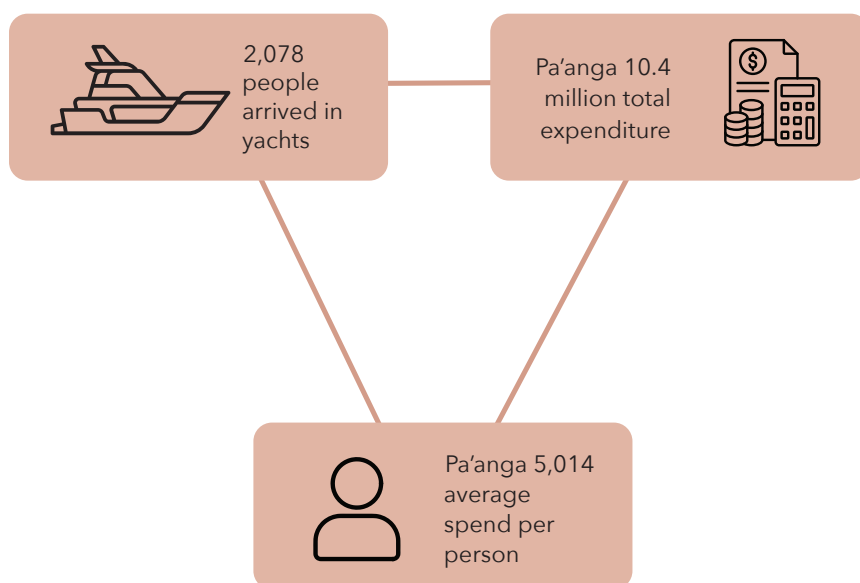
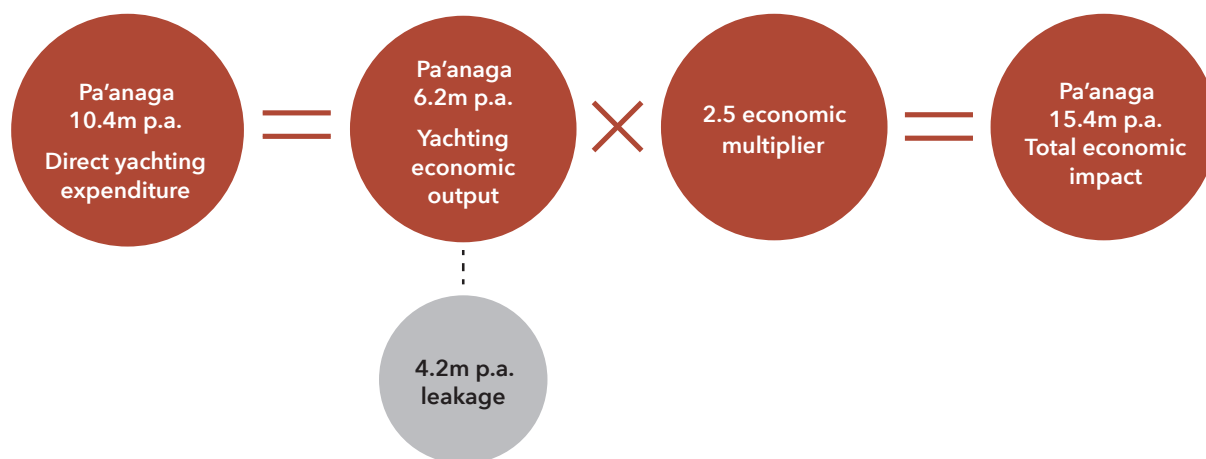


- Yachts cruising out from Australia.
- Yachts migrating across the Pacific
- Yachts cruising out from New Zealand

- Superyachts have diverse route patterns because they are less dependent on prevailing weather patterns and largely driven by their owner's wishes.
- Most yachts base themselves out of one of the yachting centres and cruise out to a number of cruising areas. They regularly return to the yachting centres for fuel, provisioning, and guest transfers.



## Yachting Economic Contribution to the Tonga Economy





# 1. INTRODUCTION

Yachting tourism has become an important market segment for countries that consider tourism as a means of development due to its environment, national investments, volume of potential business from yachting, employment opportunities, foreign exchange income, social economic and socio-cultural impact and policy support incentives for the sector.

The Tongan government has a continued push for increased yachting tourism activities. It has placed emphasis on the need for better services for yachting and the establishment of full-service marinas in new areas in the Tonga Tourism 2021 Development Plan.

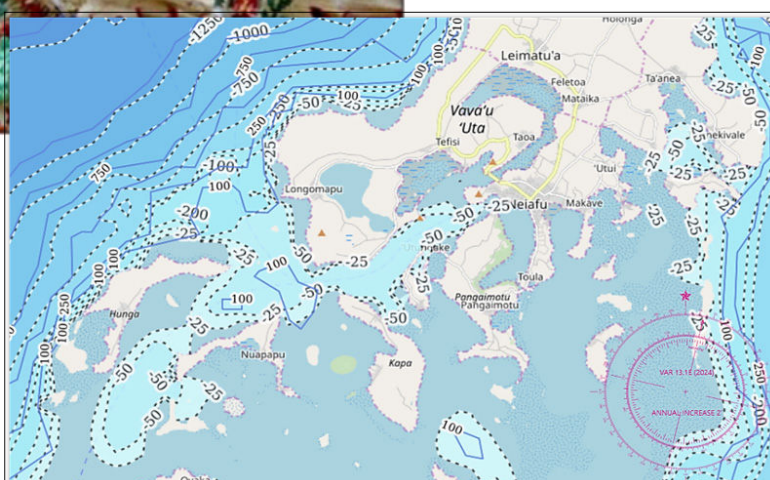
Yachting tourism is a special interest segment of the overarching marine tourism sector, described as "active holidays in contact with the sea."

Many yachting tourists visit towns, cultural and historic sights, go shopping and attend social outlets like restaurants, bars and nightclubs.

Yachting-driven expenditure and economic impact can be widespread because these tourists access more remote locations.

The economic impact of yachting from Tonga's main hubs (Vava'u and Tongatapu) has been captured to provide baseline data on the yachting sector's impact on the Tongan economy.

There is an opportunity to support further strategic and targeted development of the yachting tourism sector to increase the positive impact in the local economy.





## 2. OBJECTIVES



## Scope of the Study

Yachting tourism is an important and growing sector in Tonga, which touches all aspects of the economy.

According to the yachting industry, external stakeholders have limited understanding of how the yachting industry works, what it contributes to the economy, and the value of unlocking key constraints. The yachting industry has identified the need for a comprehensive, robust and evidence-based report to highlight and explain the importance of the sector and its reach throughout the Tongan economy.

Vava'u and Tongatapu are the main hubs for yachting in Tonga. They have very limited dockage capacity but there is safe designated mooring buoy availability in Vava'u. MDF engaged the services of an independent consultant – AMSTEC Pty Ltd – to undertake an economic impact study on the yachting segment in Tonga. The study aims to enable the industry to better quantify the economic contribution of yachting and yacht services operations (both direct and indirect) and identify areas for future growth. The study investigated the following areas.

### Profile of visiting yachts

- Where yachts travel from and go next
- Types of yacht and crew/guests
- Length of stay in Tonga

### Visiting yacht expenditure

- Spend to Tonga businesses
- Spending on yachts and crew/guests



## Objectives of the Study

- Identify and quantify the direct and indirect economic impacts of the yachting tourism in Tonga.
- Map the major yachting routes in Tonga and local economic impact in the key areas visited.
- Develop a yachting tourism multiplier for Tonga.
- Provide a SWOT analysis for yachting tourism in Tonga.
- Identify a set of prioritised recommendations to support the growth of yachting tourism in the country.





### 3. METHODOLOGY



## Methodology Process

Data and information were collected to inform market and economic analyses. The process follows a logical sequence of:



The initial yachting tourism sector assessment was designed to capture the key demand and supply characteristics. Activities include desktop research of existing literature, data collection, structured online survey interviews, quantitative survey, and analysis.

A Geographic Information System (GIS) platform provided extra insights into the data collected by cross referencing it with demographic/spatial data.

Sector assessment outputs were used to determine the total economic impacts of yachting tourism in Tonga.

A SWOT analysis identified the potential for growing the value of the yachting tourism market segments and scoped risks and barriers.

The final stage involved working with industry stakeholders to agree on a strategy for the sector to pursue the market potential.

A validation workshop was hosted to present findings and gather industry and government sector feedback and support.

|          |                                                                |
|----------|----------------------------------------------------------------|
| Data     | Source data from all types of visiting yachts in Tonga         |
| Analysis | Full assessment of economic impact of visiting yachts in Tonga |
| Growth   | Recommendations to support growth of yachting tourism          |

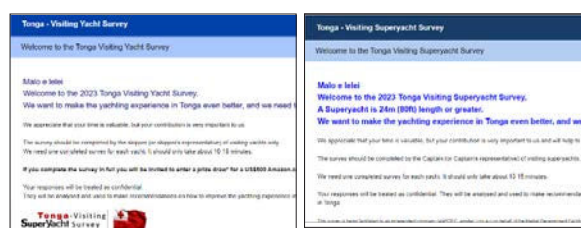


## Data Sourcing from International Yachts

Primary data was sourced using a customised survey designed to provide a picture of international visiting yachts in 2023.

Two online questionnaire surveys were set up

- Yachts under 24m length overall (LOA)
- Superyachts over 24m LOA.



Yachts were contacted in four ways:

- Email invitation
- Face to face
- Through yacht services
- Through yachting social media.

Key input data obtained from surveys was:

- Profile of visiting yachts
- Profile of skipper/crew and guests
- Where yachts were coming from and going next
- Types of yacht
- Length of stay in Tonga
- Locations of stay in Tonga
- How much visiting yachts were spending and on what
- Spend to Tonga businesses
- Spending on yachts and crew.



## Data sourcing from industry

### Relevance:

- How does yachting support each business and how does yachting provide each business with revenue?

### Dependency:

- Does yachting represent a major client / sector for each business?
- Percentage of revenue derived from international visiting yachts.

### Employment:

- Number of people employed by each firm engaged in supply of services.
- Average wage of an employee (est. p/hr)
- Is work seasonal (are additional staff needed during busy seasons and if so, how many?)
- Location of employees and where staff travel from / to work.

### Indirect:

- Is local business used to supply primary business - if so which businesses?
- What are the major operational costs of each business?
- Are there any inputs from international businesses (percentage of suppliers / goods that originate from international suppliers)?
- Is there competition in each identified industry sector?
- Is there any local competition? If so, how many competing businesses?
- Where are you placed in terms of size against your competitors?

### General:

- Economic conditions - has the local economy been growing / will it continue to grow to support yachting?
- Additional information to clarify the interaction between the suppliers and international visiting yachts.

#### Yachting Tourism Markets Assessment

- Segmentation,
- Volumes,
- Market segment values
- Key attractors
- Growth

#### Tonga Yacht Industry Assessment

- Range of services
- Key players
- Employment
- Inputs/outputs

#### Economic Impacts

- Direct & indirect
- Multiplier
- Employment
- Government revenue

#### SWOT Analysis

- Market potential
- Regulatory issues
- Competition
- Other challenges

#### Market Growth Achievement

- Industry development
- Legislation / regulation
- Infrastructure
- Promotion



## Specification of Survey

### Survey Overview

- Data collection and analysis was the most significant activity of the study.

### Objectives for the yacht survey

- To provide a sufficiently complete and reliable dataset to be able to estimate the total spending by visiting yachts during 2023.
- To provide the basis for segmentation and quantification of the yachting tourism market.

### Information required to meet objectives

- Characteristics of yacht, crew and guests that visit yachts while in Tonga.

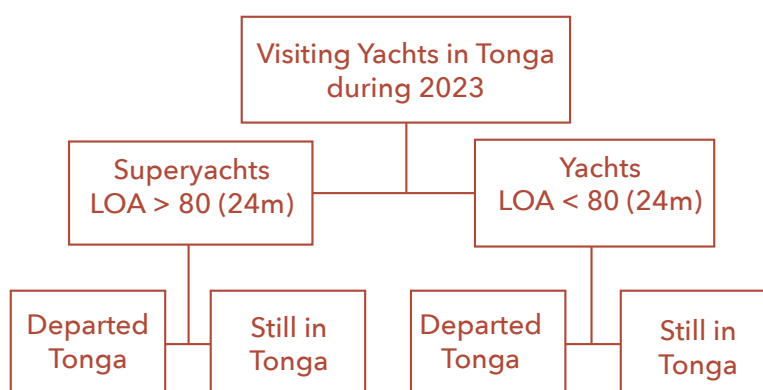
- Details of the yacht's voyage in the Pacific and within Tonga in 2023.
- Spending on the needs of the yacht while in Tonga in 2023.
- Spending on and by the crew while in Tonga in 2023.
- Attitudes of the Tonga yachting experience.

### The yacht tourism market was split into two groups to be targeted with questionnaire surveys

- Superyachts - LOA 24m (80ft) and more
- Yachts - LOA under 24m (80ft).

The scope for the study allowed four months for data collection during Sept-Dec 2023.

Four methods of fieldwork were used.



|                               |   |   |   |   |
|-------------------------------|---|---|---|---|
| 1. Face to face interviews    |   | X |   | X |
| 2. Online surveys             | X | X | X | X |
| 3. Through yacht services     |   | X |   | X |
| 4. Through yacht social media | X | X | X | X |



## Specification of Survey - Target Population

### Target population

The Tonga Yachting study is focussed on the economic impacts of yachting tourism. The target population for the survey is therefore yachts that are (or were) in Tonga for tourism purposes during 2023.

The primary unit of measurement in the survey was 'yachts' (represented by captains). This was seen as simpler than attempting to survey individual owners, crew and guests.

The yachts of interest are those whose spending while in Tonga is foreign exchange. This target population will predominantly be made up of foreign-owned vessels with varying lengths of stay.

There are also a small number of foreign-owned, imported yachts which are effectively permanently in Tonga (and maybe

### Population measurement

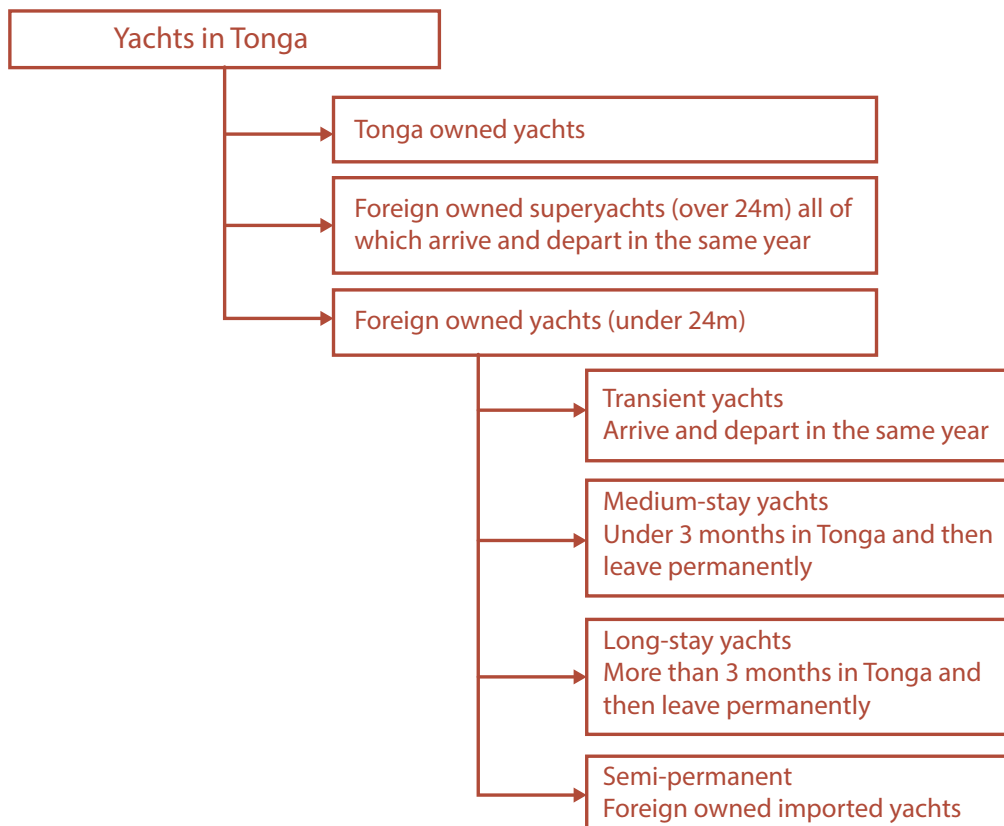
Past studies for yachting in Tonga have not estimated the total yachting tourism arrivals. A study concluded in 2021 involved collection of survey data from 183 respondents. It is not clear what population definition these numbers reflect.

This 2023 study used satellite Automated Identification System (AIS) data to estimate that between 350 and 450 visiting yachts and superyachts are in Tonga each year.

Past yacht population data is available primarily from two sources:

- Tonga Customs and Inland Revenue Service (VCRS) records of yachts clearing into Tonga.
- Tonga Bureau of Statistics records.

Neither of these sources provide a definitive quantum of the total target population, so past baseline estimates have been made on the best available information.

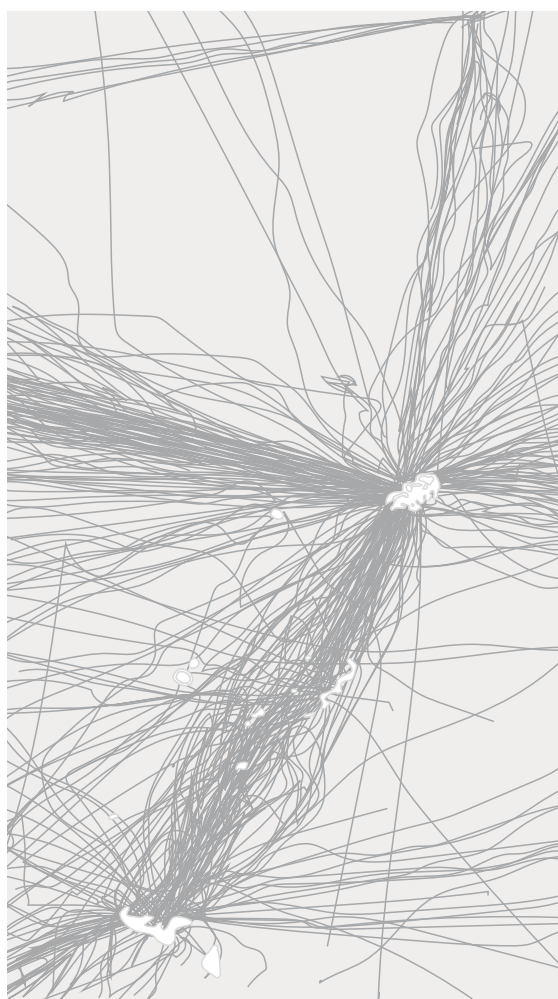




## Automated Identification System Data

To supplement the lack of available customs clearance data for Tonga, the AMSTEC project team secured May to November 2023 position data for yachts and superyachts that visited Tonga.

The data used is from the Automatic Identification System (AIS) which transmits a vessel's position using very high frequency (VHF) radio broadcasting system. AIS data is received from shore-based stations and satellites to send and receive identifying information.

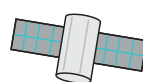


The historical AIS data is a global archive providing the most complete picture about a vessel. It includes dynamic information such

as vessel position, heading, speed, positional anomaly events, and associated counts and timestamps, as well as static information such as the ship's name, origin, and destination.

AMSTEC cleaned and filtered the AIS data to provide date and time range, geographical area, AIS message type, ship data lists, ship type, and vessel flag for yachts arriving and departing Tonga in 2023.

This data allowed AMSTEC to uncover information beyond what is captured in surveys and what was available from Tonga Customs and Bureau of Statistics. AIS data and customs data were directly compared to identify and correct AIS underreporting.



### AIS Data

- Time/date
- Position
- Flag
- Size



## Specification of survey - Questionnaire

### Questionnaire design

Different questionnaires were designed for the yacht and superyacht surveys.

- Yacht respondents were asked for more detail about the range of spending on the yacht and by the crew. The questionnaire reflected the fact that these yachts are generally owner-operated and guests are invited, rather than paying passengers.

- Superyacht respondents were asked about spending on the known cost items of superyacht operation. Superyachts are generally operated by a professional captain and crew for charter purposes or owner/guest visits.

Both questionnaires were targeted at captains or captain's representatives. Crew and guests were disqualified.

**Tonga - Visiting Yacht Survey**

Welcome to the Tonga Visiting Yacht Survey

Malo e lelei  
Welcome to the 2023 Tonga Visiting Yacht Survey.  
We want to make the yachting experience in Tonga even better, and we need to hear from you.

We appreciate that your time is valuable, but your contribution is very important to us.

The survey should be completed by the skipper (or skipper's representative) of visiting yachts only.  
We need one completed survey for each yacht. It should only take about 10-15 minutes.

Your responses will be treated as confidential. They will be analysed and used to make recommendations on how to improve the Yachting experience in Tonga.

**Tonga - Visiting Superyacht Survey**

Welcome to the Tonga Visiting Superyacht Survey

Malo e lelei  
Welcome to the 2023 Tonga Visiting Superyacht Survey.  
A Superyacht is 24m (80ft) length or greater.  
We want to make the yachting experience in Tonga even better, and we need to hear from you.

We appreciate that your time is valuable, but your contribution is very important to us and will help to make future visits even better.

The survey should be completed by the Captain (or Captain's representative) of visiting superyachts. Tonga Superyacht agents will assist where required.

We need one completed survey for each yacht. It should only take about 10-15 minutes.

Your responses will be treated as confidential. They will be analysed and used to make recommendations on how to improve the Superyacht experience in Tonga.

## Collector control

Collector control was managed to ensure that there was only one respondent per yacht. A limited number of face-to-face interviews were carried out by the survey designers to observe the level of comprehension by respondents. This also provided an opportunity to gain additional insights into the characteristics and preferences of yacht captains.

## Respondent incentives

The opportunity to enter a prize draw was included in the yacht survey to encourage respondents to complete the survey. Monitoring controls of responses were put in

place to ensure that only genuine responses were included.



## Fieldwork - yacht surveys

Yachts visiting Tonga will almost certainly visit one (or more) of the main yachting centres. These centres provide them with opportunities for inward/outward clearance, fuel, provisioning, marina berthing, maintenance and repairs.

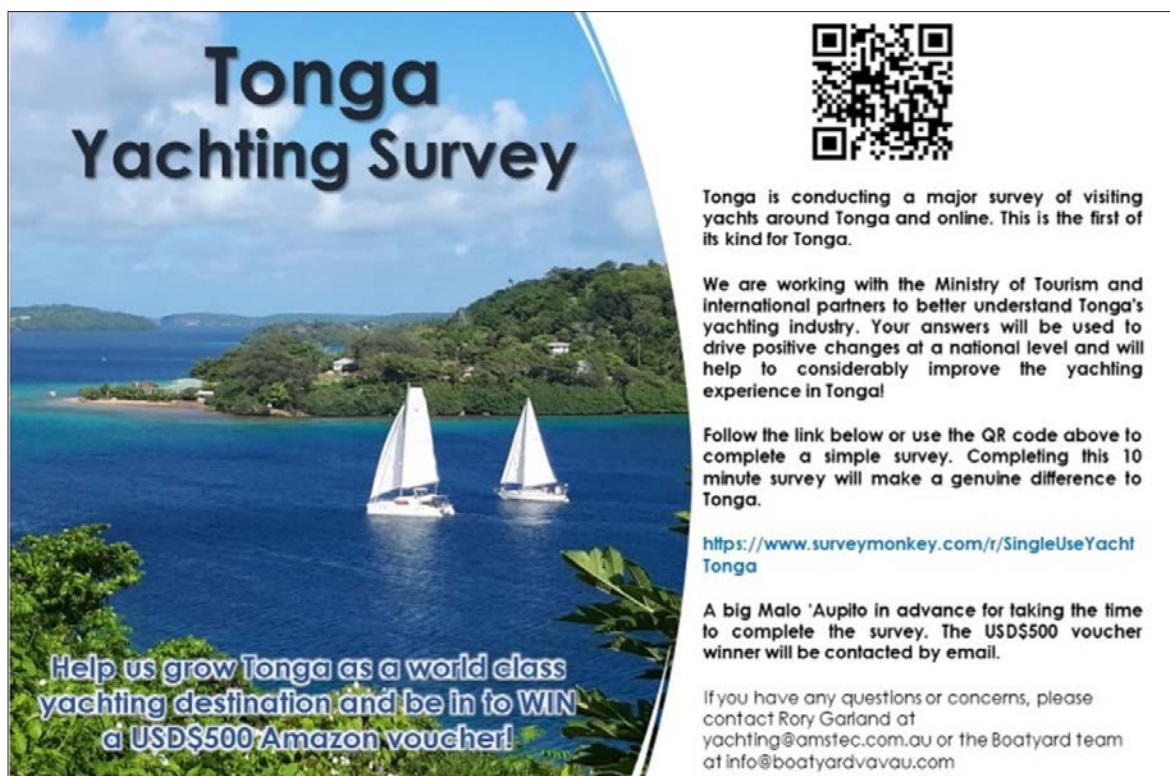
Yachts visiting these centres will be registered by the business management. This provided a useful source of contacts for most yachts in Tonga and for some that have already departed.

## Online survey self-completion

The online survey hyperlinks were circulated to the Tonga Tourism Office (TTO) along with an e-Flyer that with a QR code. Email contact details for yachts visiting each of the main yachting centres were compiled from

various sources including the yachting service providers in Tonga. These were filtered to only include 2023 visits by international yachts.

A unique (single use) link to the online survey was included in each email.



**Tonga Yachting Survey**

Help us grow Tonga as a world class yachting destination and be in to WIN a USD\$500 Amazon voucher!

Tonga is conducting a major survey of visiting yachts around Tonga and online. This is the first of its kind for Tonga.

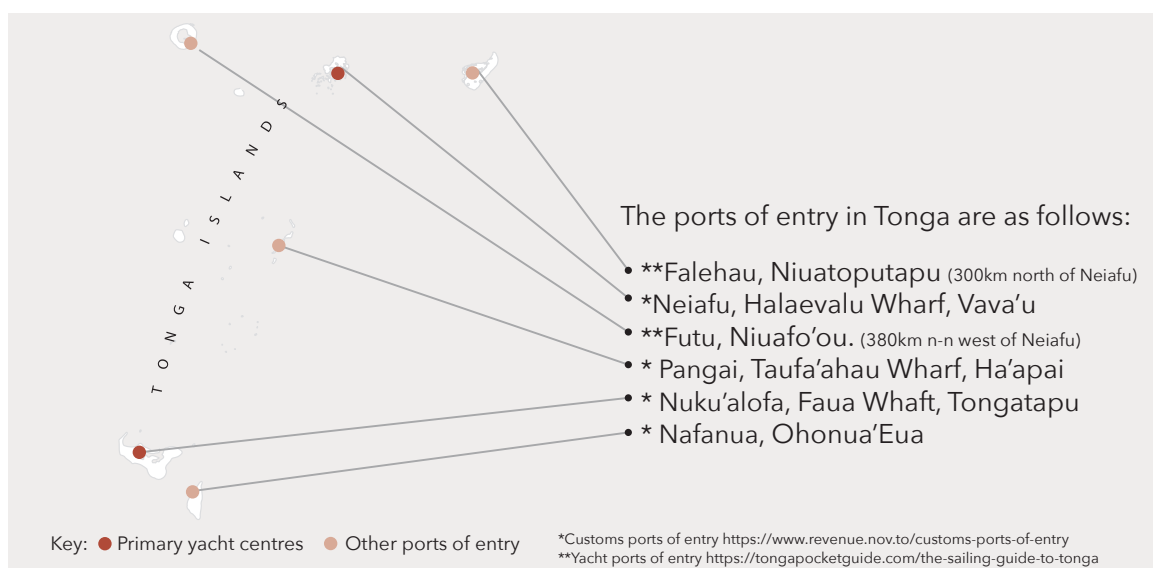
We are working with the Ministry of Tourism and international partners to better understand Tonga's yachting industry. Your answers will be used to drive positive changes at a national level and will help to considerably improve the yachting experience in Tonga!

Follow the link below or use the QR code above to complete a simple survey. Completing this 10 minute survey will make a genuine difference to Tonga.

<https://www.surveymonkey.com/r/SingleUseYachtTonga>

A big Malo 'Aupito in advance for taking the time to complete the survey. The USD\$500 voucher winner will be contacted by email.

If you have any questions or concerns, please contact Rory Garland at [yachting@amstec.com.au](mailto:yachting@amstec.com.au) or the Boatyard team at [info@boatyardvavau.com](mailto:info@boatyardvavau.com)



## Face-to-face interviews

The AMSTEC project team carried out face-to-face interviews with yacht captains at several venues, including Yachting World in Port Vila.



## 4. SURVEY RESULTS

The results of the survey and data analysis are presented in this section. We begin by providing an overall summary of the key yacht activity and spending statistics for three countries across the South Pacific region. The Fiji survey and analysis was undertaken by AMSTEC in 2018, whereas the Vanuatu and Tonga surveys were undertaken in 2023. However, we consider that there are still valuable conclusions to be drawn from comparisons. We then provide some more detail around the survey and analysis results specific to Tonga.



## Overview and Comparison of Results from Three Regional Yacht Surveys

The availability of AIS data for this study enabled a more detailed assessment of yacht

activity across Tonga, Vanuatu and Fiji. This allowed a more robust expansion of the sample survey data, compared to only using highly aggregated entry-exit data. This represents one of the key differences between the Fiji study and this more recent Tonga and Vanuatu study. However, this advantage was offset by the higher survey response rate that was achieved in the marina environment prevalent in Fiji, so comparisons are valid.

Fiji – with its broader and more established range of yacht services and marinas – is the main yachting centre for the region. Fiji also has a much broader range of cruising experiences across the archipelago, which provides a multi-season opportunity with good cyclone season storage options and consequently significantly longer yacht stays. However, Tonga and Vanuatu are both important in-season destinations and, despite the shorter lengths of stay, daily spend levels are higher than in Fiji (Table 1 & Table 2).

**Table 1 Summary of yacht activity and spend statistics for Tonga Vanuatu and Fiji**

| Total spend comparison                     | Tonga   | Vanuatu | Fiji (2018) |
|--------------------------------------------|---------|---------|-------------|
| Visiting yachts under 24m                  | 543     | 368     | 667         |
| Avg. days in country                       | 34      | 41      | 137         |
| Total spend (USD million)                  | \$3.17  | \$3.11  | \$20.65     |
| Total spend per yacht (USD)                | \$5,845 | \$8,450 | \$30,960    |
| Avg, daily spend (USD per yacht under 24m) | \$195   | \$219   | \$110       |

**Table 2 Summary superyacht activity and spend statistics for Tonga, Vanuatu and Fiji**

| Total spend comparison      | Tonga       | Vanuatu     | Fiji (2018) |
|-----------------------------|-------------|-------------|-------------|
| Visiting superyachts        | 17          | 16          | 54          |
| Avg. days in country        | 11          | 34          | 82          |
| Total spend (USD)           | \$1,223,000 | \$1,690,000 | \$9,035,794 |
| Total spend per yacht (USD) | \$111,181   | \$99,000    | \$167,329   |

Length of stay is clearly an important determinant of spend. However, Tonga and Vanuatu are destinations within busy cruising schedules for many yachts, especially yachts under 24m. These yachts will want to optimise their limited time across many destinations, so their length of stay is most likely influenced by pre-planned itineraries and the range of services and experiences available.

The cruising season is between May and November. Most yachts look to spend cyclone season outside the tropical region (predominantly New Zealand or Australia). Trans-Pacific yachts will plan to pass through many Pacific Island countries before arriving in Tonga and will then be looking for cyclone-safe cruising grounds for the five or six months of peak cyclone risk. Yachts cruising out of New Zealand and Australia will aim to be back in their respective countries before the onset of cyclone season.

A few yachts spend cyclone season in Fiji, Tonga and Vanuatu in storage, or with very limited cruising. Cyclone storage facilities are available in Fiji, and to a lesser extent in Tonga. Vanuatu currently has no safe cyclone storage options and yachts that stay over cyclone season must take their chances and may not have insurance options available.

The combined effects of the number of yachts and their length of stay means that for yachts under 24m overall spend in Tonga and Vanuatu is around 15% of the spend in Fiji. However, in Tonga the daily spend rate is relatively high and a two week (approx. 40%) increase in average length of stay could increase spend by over USD 1m.

For superyachts, Fiji is a well-known regional hub and offers the critical advantages of:

- good international flight connections
- broad range of appropriate experiential cruising options
- high-quality provisioning options
- well-serviced and secure dockage
- well-regulated high-end charter options
- access to high quality marine diesel fuel
- multi-discipline technical services.

Tonga and Vanuatu do not have the range of facilities or flight connections to compete with Fiji. Superyacht stays in Tonga are relatively limited in length of time, resulting in lower spend estimates than Vanuatu. It appears that Tonga does not hold significant interest for superyachts other than providing a fuelling stop with limited cruising excursions.

The lack of suitable dockage in Tonga no doubt plays a role in the limited length of stay for superyachts. Most superyachts prefer to be docked for layovers with direct access to power, water and other shoreside services. Whether superyachts would spend more time in Tonga if dockage were available is uncertain. It is more likely that they would go to Fiji or one of the other regional superyacht centres where they can access repairs and maintenance.



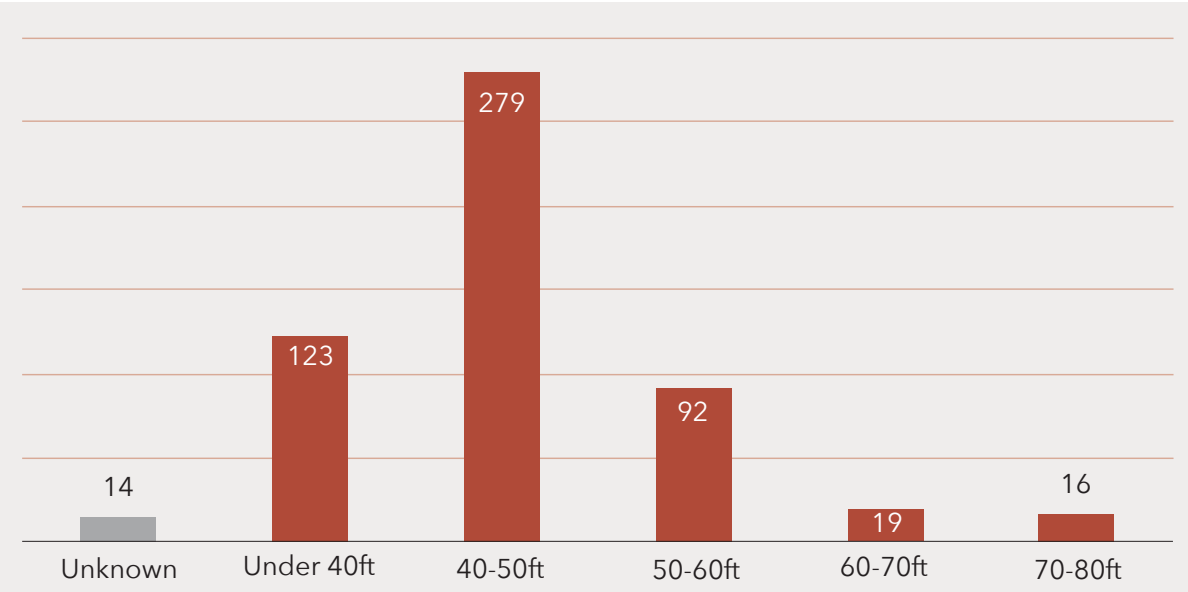
## Tonga Survey Results for Yachts Under 24m

### Yacht profile

A total of 543 foreign registered yachts under 24m visited or were in Tonga over the course of 2023. This total is based on the captured AIS data (adjusted to reflect minor under-representation of smaller yachts<sup>1</sup>) between May and November. Around half of under 24m yachts are in the 40-50 ft yacht size range (Figure 1). This size is commonly accepted to represent the best combination of cost, safety, manageability and comfort for couples and families engaged in distant ocean sailing.

<sup>1</sup> Disaggregated AIS data for Tonga was compared directly against Tonga customs data to identify patterns of under-reporting. Smaller yachts under 40 feet were slightly under-represented and expansion factors by vessel size were used on all AIS-based data analyses

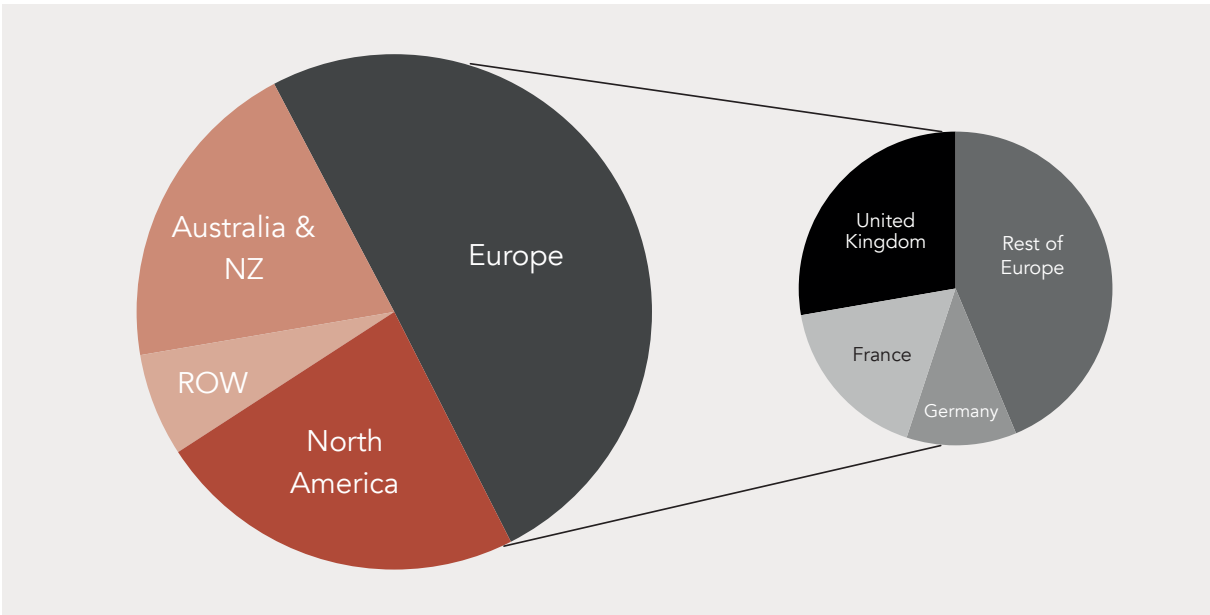
Figure 1 - Yachts under 24m in Tonga by size



Half of the 543 yachts under 24m are European flagged (registered in European region countries), with approximately one-third from Australia or New Zealand (Figure 2). Of those boats originating from Europe, over half come from just three countries - United Kingdom, France and Germany. The dominance of

European (and US) vessels underscores the importance of the global/trans-Pacific yacht tourism markets. Most of these yachts will be sailing around the world (east to west with tropical latitude prevailing winds), intending to eventually return to their country of origin.

Figure 2 Yachts under 24m country of origin (Flag State)



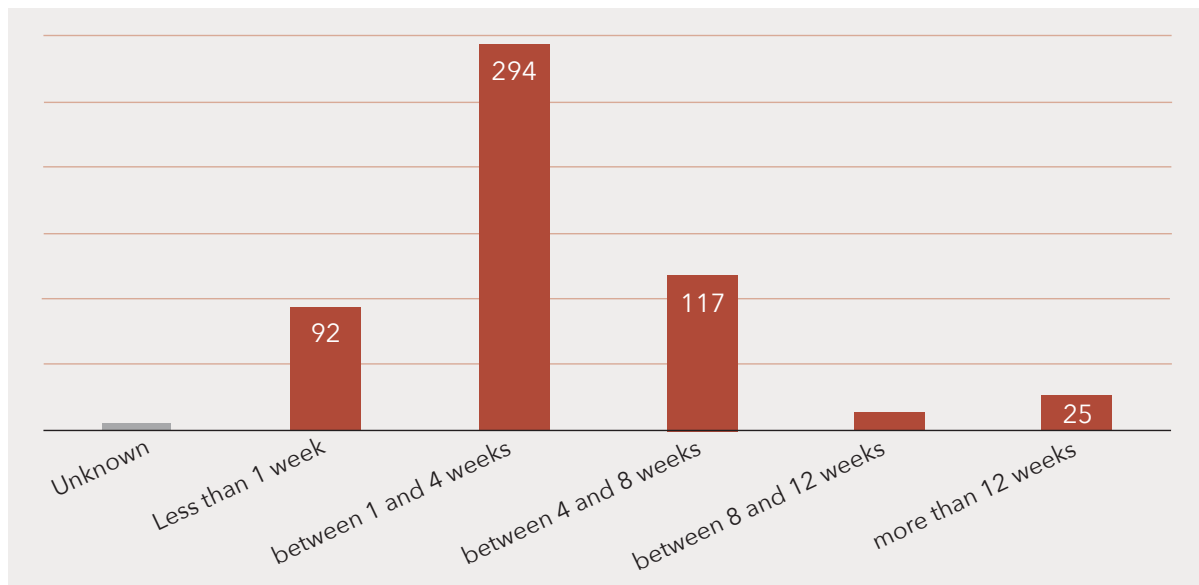
### Seasonal activity

Tonga is a short stay destination. The average length of stay for yachts under 24m visiting Tonga is 34 days. Almost three quarters of these yachts stay for 30 days or less (Figure 3). It is noticeable that, compared to Vanuatu and Fiji, very few yachts stay for more than two months. Possible reasons for this high turnover of shorter stays are:

- restrictive immigration regulations
- lack of yacht services, provisioning or other supply issues
- perception of limited cruising experiences among visiting yachts.

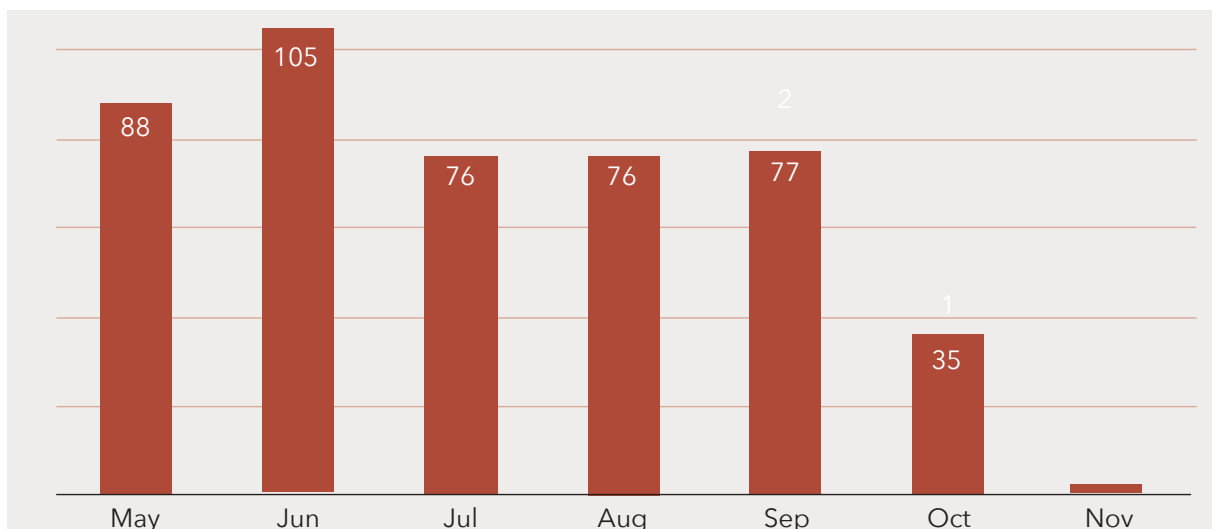
Given the already high number of visiting yachts, building the length of stay will be critical to growth for Tonga.

**Figure 3 - Duration of stay for yachts under 24m**



The cruising season for Tonga is relatively flat, with a high number of early arrivals from New Zealand stimulating an earlier season than other destinations in the region (Figure 4). Similarly, the end of season shoulder is more robust than Fiji or Vanuatu. Overall, this illustrates Tonga's longer cruising season due to its proximity to New Zealand, which is a significant opportunity for growth.

**Figure 4 - Peak accumulation in Tonga by month 2023 for yachts under 24m**



Most popular activities

Whale watching and swimming attract a global tourism market to Tonga. Over half of yacht

visitors reported taking part in these excursions. Land-based cultural events and visits also featured highly among the many attractions that yacht tourists took part in (Figure 5).

Figure 5 Most popular activities in Tonga for yachts under 24m

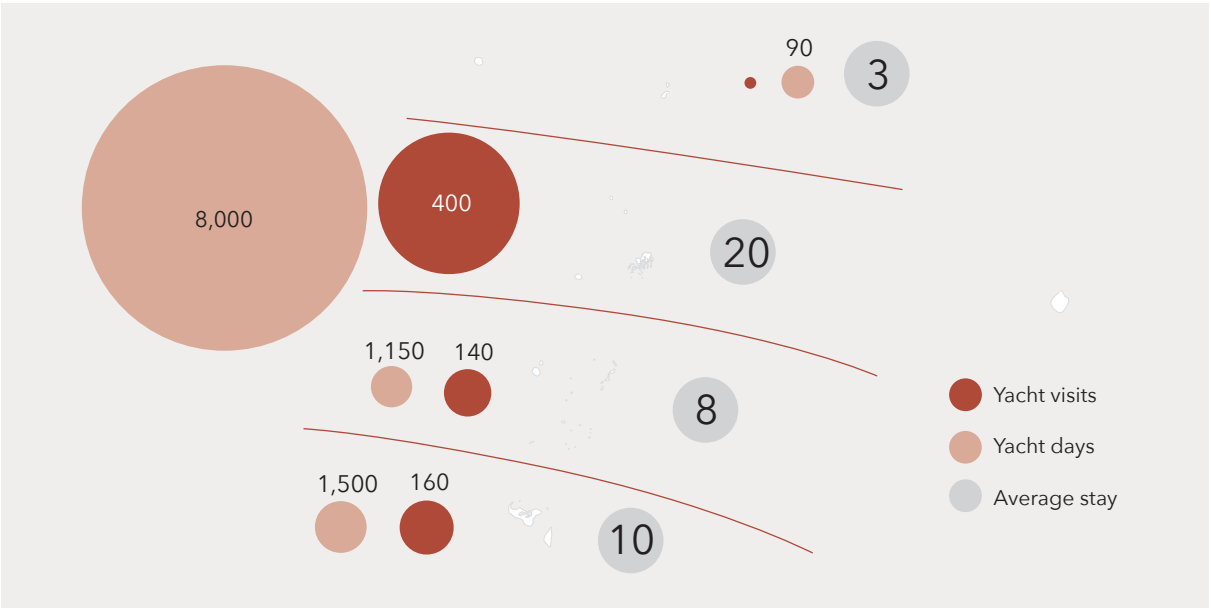


Regions visited

The focus of under 24m yacht activity in Tonga is Vava'u, with around three quarters of all yacht-days and around half of all yacht visits. This is not surprising given the location of

Vava'u on the primary trans-Pacific cruising route, the highly protected anchorages and mooring fields, and the range of attractions. Nuku'alofa and Ha'apai are less visited but are on the well-travelled route to New Zealand (Figure 6).

Figure 6 Visits and yacht days in locations across Tonga for yachts under 24m

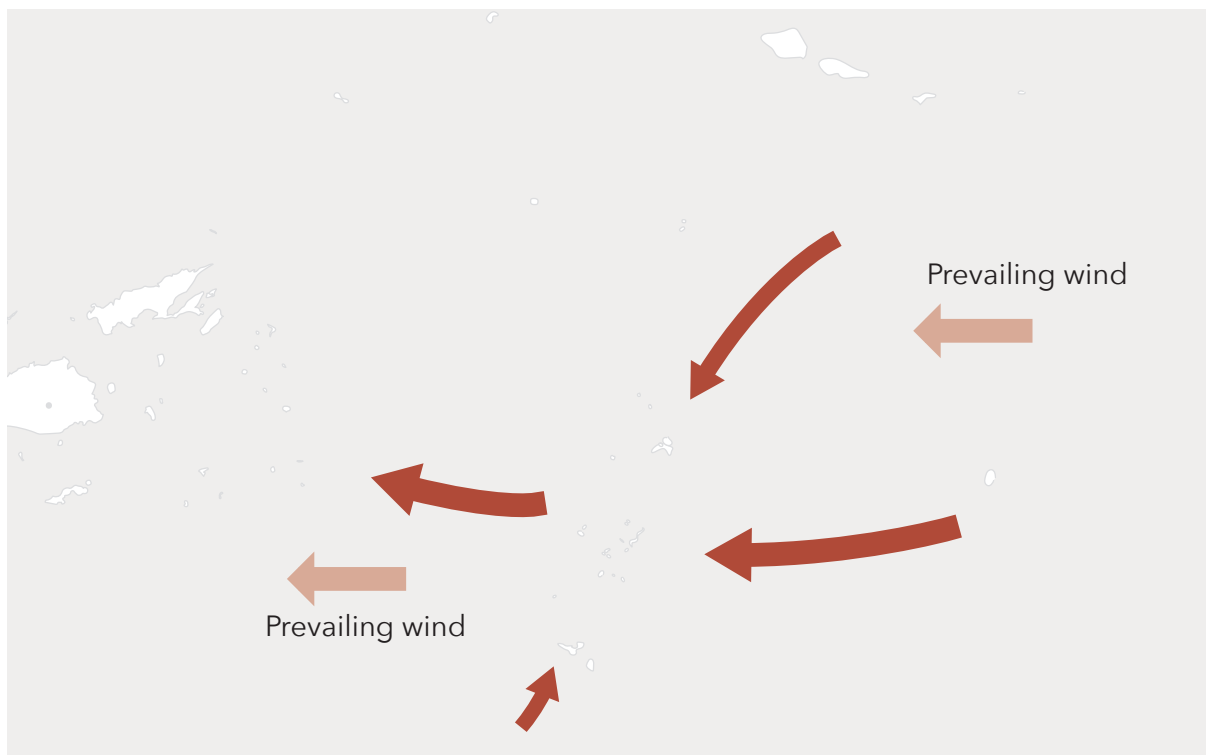


### Migratory patterns

Understanding the migratory patterns of visiting yachts across the region is critical to being able to identify markets and opportunities for market growth. For yachts under 24m, the main driver of movement is the prevailing winds across the region. These are generally east to west and variations to this pattern are usually short lived during the winter cruising season.

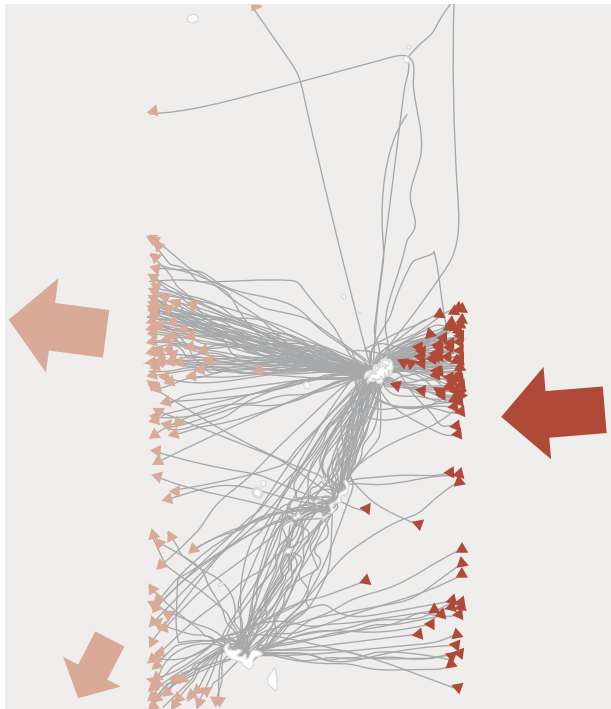
Yachts primarily travel to Tonga from the east (and northeast) along with the prevailing winds (Figure 7). The route from New Zealand makes Tonga an important gateway to the tropical southwest Pacific cruising region. Most of the yachts from New Zealand will be either trans-Pacific cruising yachts, which have spent the cyclone season in New Zealand, or New Zealand-owned yachts setting out to cruise through the region. Both groups will spend some time in Tonga before heading west to Fiji and beyond.

**Figure 7 Prevailing winds and migration patterns for yachts under 24m**

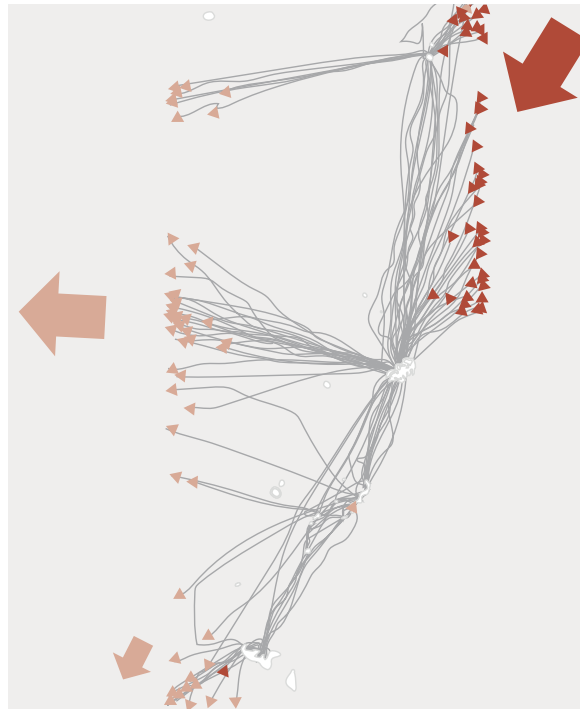


These patterns of movement and markets can be further explored with analysis of the AIS tracking data. Figures 8-10 show the movements of individual yachts into a GIS to identify where they enter the Tonga area, their movements within Tonga, and where they leave. The migratory patterns are quite clearly illustrated in these maps, as is the movement of yachts through Tonga.

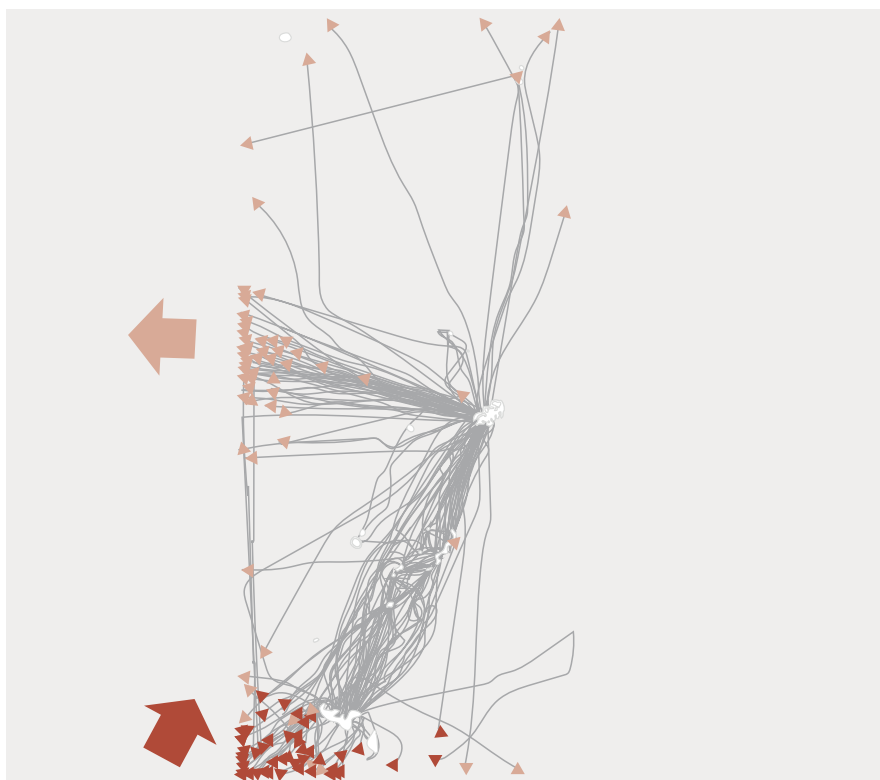
**Figure 8 AIS patterns of east to west yacht movements through Tonga**



**Figure 9 AIS patterns of northeast to west yacht movements through Tonga**



**Figure 10 AIS patterns of south to west yacht movements through Tonga**

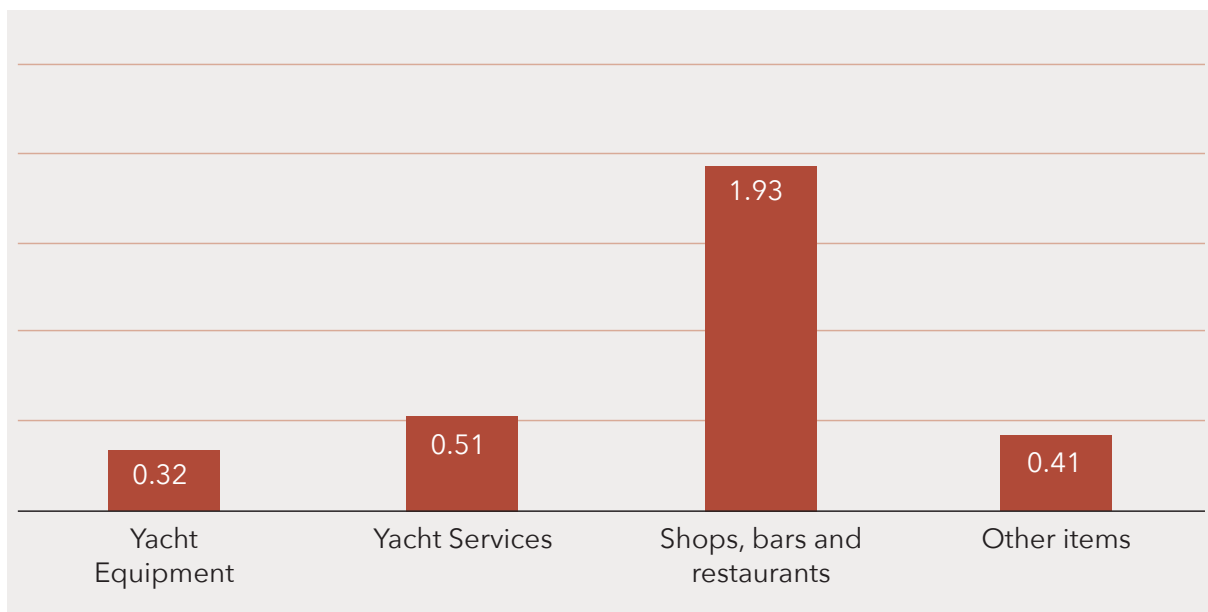


## Total yacht spend

The total direct spend by yachts under 24m was estimated to be USD3.17m. This was estimated by factoring up survey reported spend to the AIS yacht totals (population level). Around 60% of the total spend was on hospitality and shopping, a very similar

proportion to that estimated for Vanuatu (Figure 11). For Fiji, the spending on hospitality and shopping was closer to 50% with a significantly higher proportion on yacht services. This reflects the limited availability of yacht services, marinas and equipment supplies in Tonga.

**Figure 11 - Total spend (USD) by type of spend for yachts under 24m**



## Tonga Survey Results for Superyachts (over 24m)

### Yacht profile

Over the course of 2023, 17 superyachts visited Tonga. This class of large yachts are usually owned by private owners and crewed by professional captains, professional engineers, yacht operating crew, chefs and hospitality staff. Crew numbers can vary from five to 50. These yachts can be operated as private vessels for the pleasure and convenience of owners, or under charter,

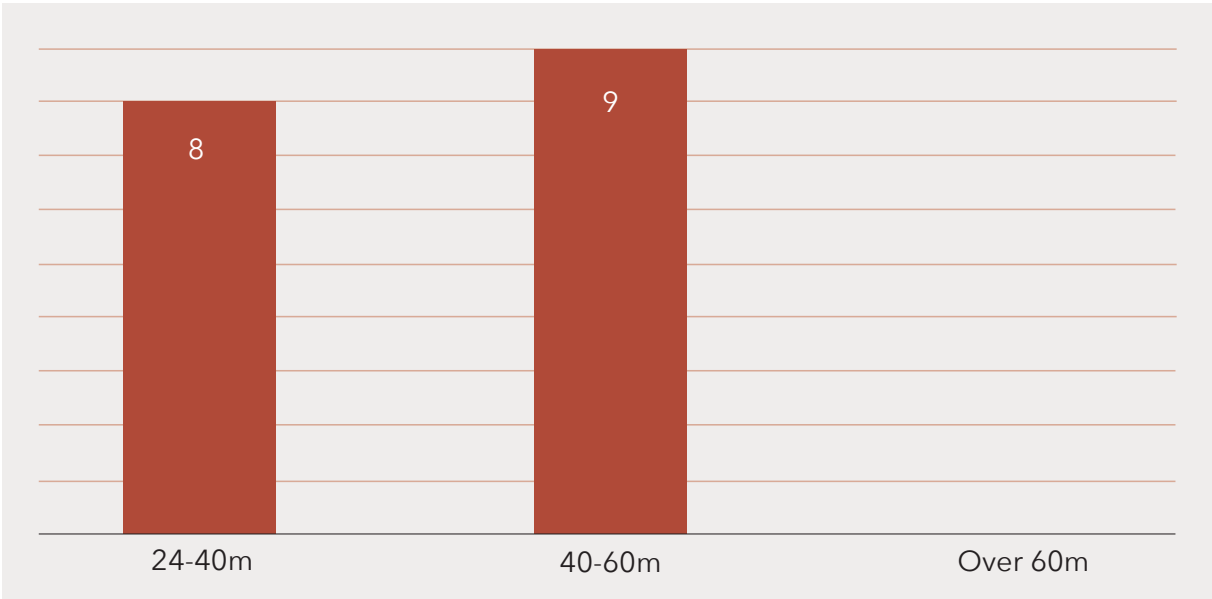
picking up and dropping off international fee-paying guests.

Most yachts in this category are registered under 'flags of convenience' (e.g. Marshall Islands, British Virgin Islands, etc) to preserve tax advantages. The flag of these vessels does not usually represent the country of origin or the country they are based in.

An industry convention categorises these large vessels into three sizes: superyachts (20-40m), mega yachts (40-60m), and giga yachts (over 60m)<sup>2</sup>. Large yachts passing through Tonga fall into the under 60m categories (Figure 12).

<sup>2</sup> For the purposes of the rest of this report the term 'superyacht' will refer to any pleasure yacht over 24m

Figure 12 Yachts over 24m in Tonga 2023

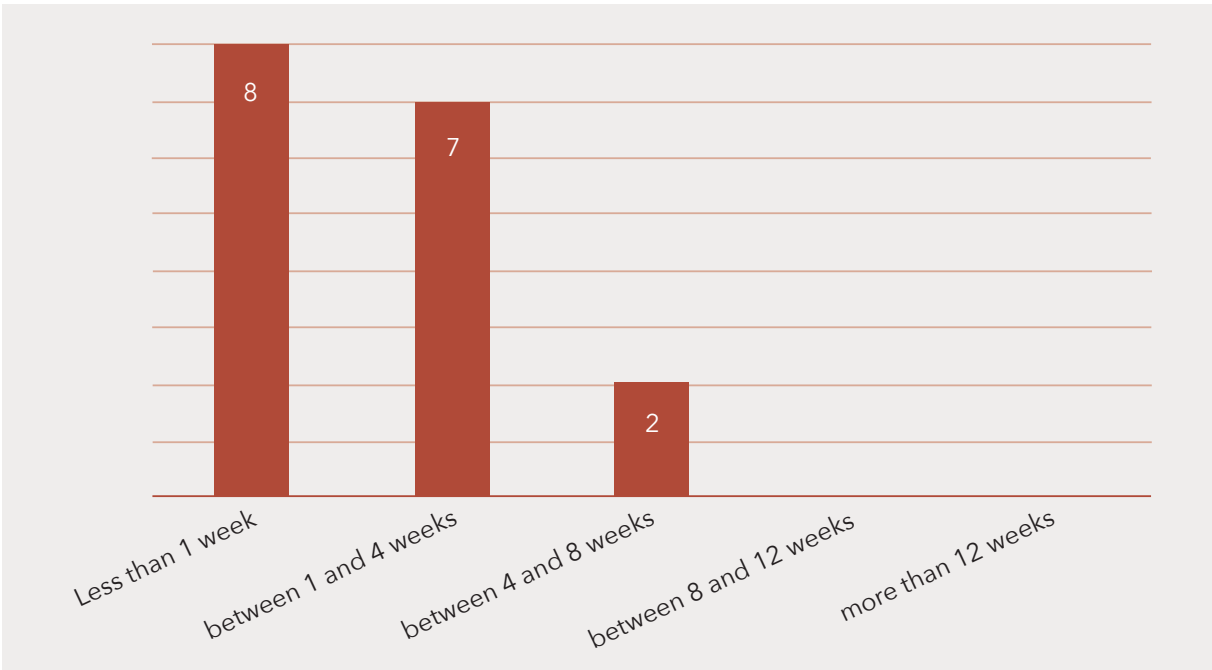


**Length of stay**

The average length of stay for superyachts in Tonga is a relatively short 11 days. This is most likely due to availability of dockage and limited international air connections. For most superyachts, Tonga is a transit stop for fuelling and provisioning between New Zealand, Fiji,

and French Polynesia routes (Figure 13). Many of these large yachts will seek to undertake charters to tropical island destinations, however the lack of clear regulatory framework prevents this type of operation in Tonga (unlike Fiji which has an established and well-understood regulatory framework).

Figure 13 Length of stay in Tonga for yachts over 24m

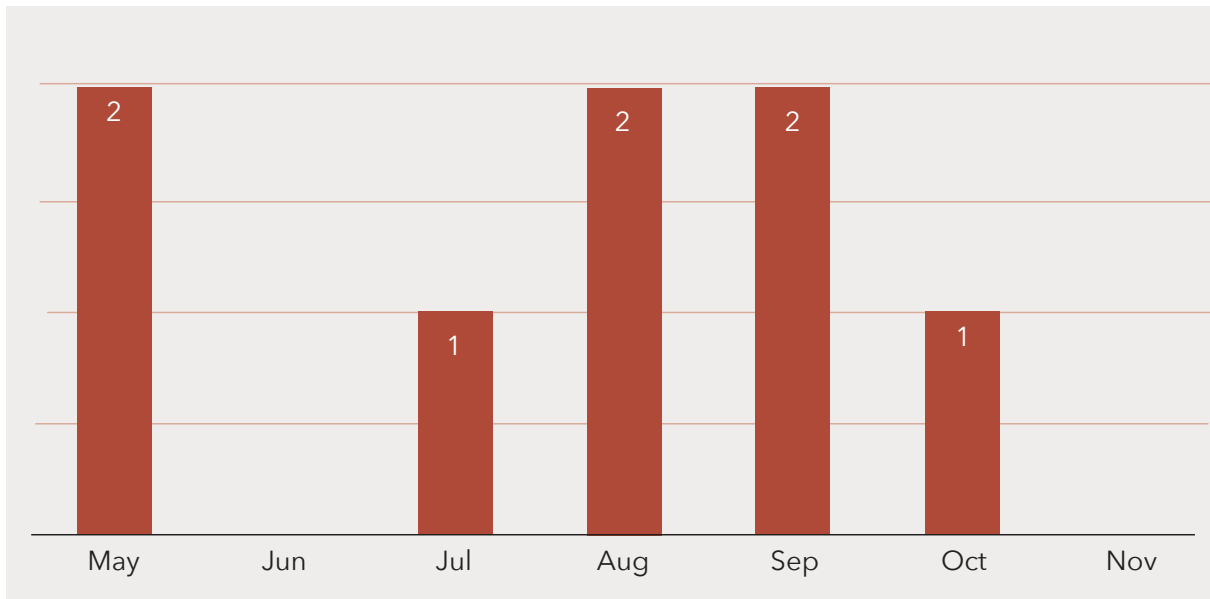


## Seasonality

There are rarely more than two superyachts in Tonga at any one time<sup>3</sup> (Figure 14). Peak arrival and departure activity is September and

October. These yachts are significantly less dependent on prevailing winds than yachts under 24m and can move around at the will of their owner and guests.

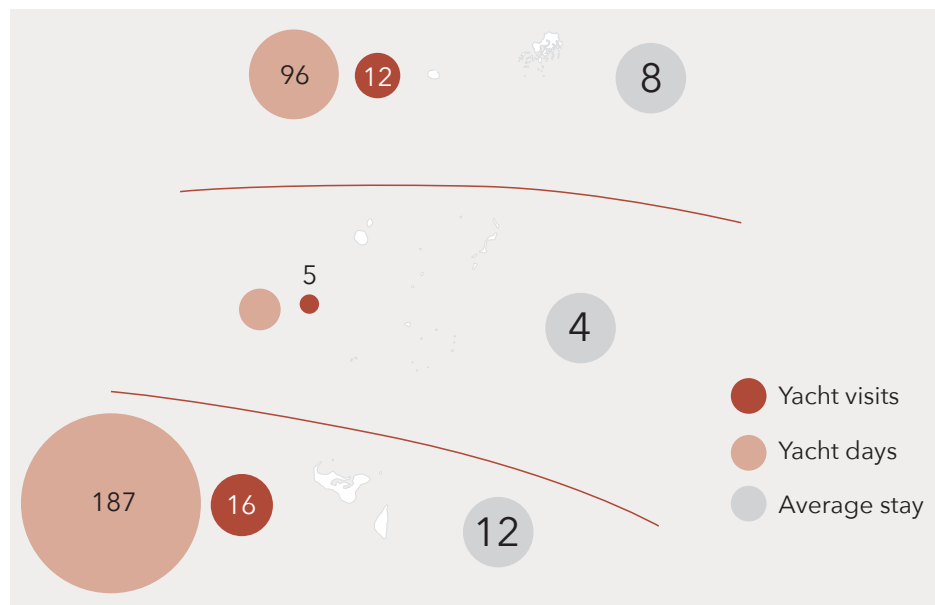
**Figure 14 Accumulation in Tonga by month for yachts over 24m**



## Activity and migration

Nuku'alofa is the main superyacht destination in Tonga, however Vava'u is also reasonably well visited (Figure 15). Nuku'alofa offers the most reliable and easiest refuelling option (providing the cruise ship dock is available). Ha'apai received five superyacht in 2023 at an average of just over three days per visit.

**Figure 15 Visits and total duration of stay (yacht days) across Tonga for yachts over 24m**

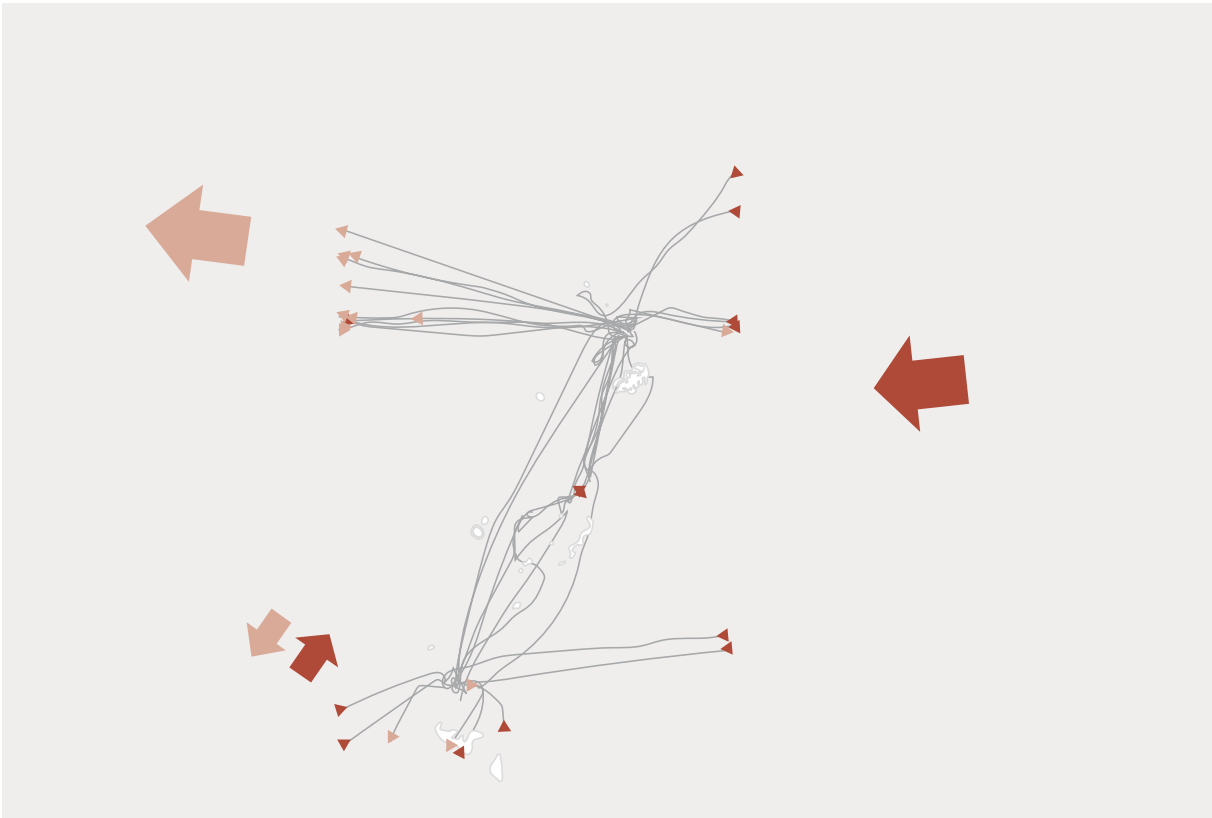


<sup>3</sup>Based on monthly aggregated AIS data, so there may be occasions where more than two yachts over 24m are present in Tonga for a very small number of days.

Due to their size and greater freedom of movement, superyachts tend to have less predictable regional migratory patterns. The AIS data for yachts over 24m was plotted using a

GIS platform and clearly illustrates the primary migration routes from the east, to and from New Zealand, and west to Fiji (Figure 16).

Figure 16 AIS recorded patterns of movement for yachts over 24m



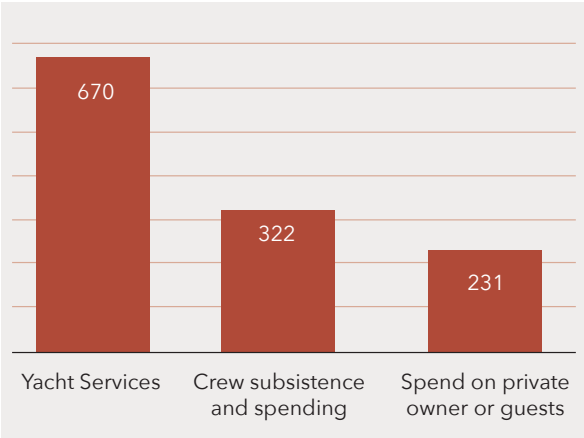
Spending

Reliable spending patterns for yachts over 24m are notoriously difficult to capture through survey alone, and this was no different for Tonga. We therefore used a range of sources to compile a simple spending model for these vessels while in Tonga. These sources included the relatively well responded-to 2019 Fiji yachting survey, the invaluable information supplied by superyacht agents in Tonga and across the region, as well as research into a range of other superyacht costs undertaken by AMSTEC.

It is estimated that total annual superyacht spend in Tonga is in the region of USD1.2m. In addition to the direct spend on services, crew subsistence and provisions for guests (Figure

17), this total includes additional AMSTEC estimates for fuel and crew/owner travel in and out of Tonga.

Figure 17 Estimated total spend (thousand USD) 2023 for yachts over 24m





## 5. MARKET ASSESSMENT

In this section we develop a regional landscape assessment of the tropical South Pacific cruising area and consider the characteristics of the visiting yachts. Through this we develop a clearer understanding of the preferences and drivers of the yachting tourism market segments.

Sailing a yacht through this region is not a trivial exercise. Yachts visiting the tropical South Pacific Islands will have made significant oceanic journeys to get to the cruising area and will have to make the return journey or sail on across open ocean to new cruising grounds. Their patterns of movement are based on their itineraries and the five-to-six-month tropical cyclone season that impacts the area.

Yacht crews are also faced with regular and complex decisions that are influenced by unpredictable weather and the need to preserve their vessels.



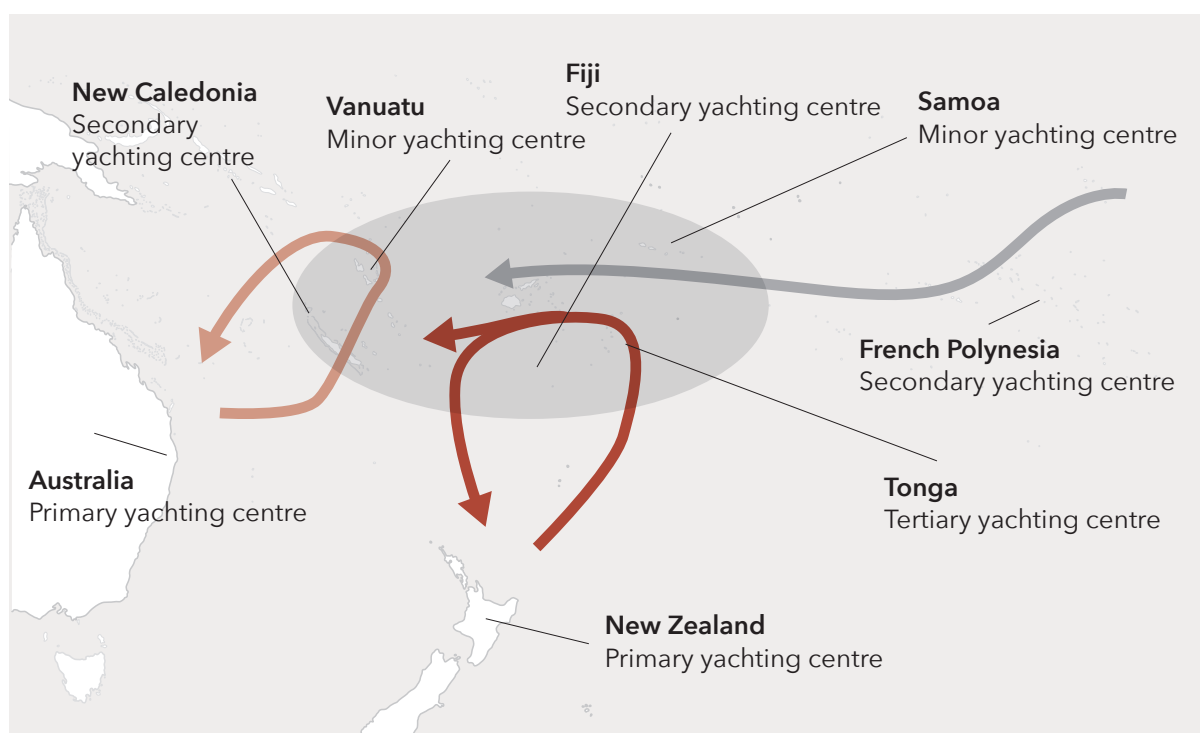
## Market Analysis – Regional Centres for Yachting

Yachts must be able to access technical yacht services to make repairs, high-quality fuel, good provisioning options and international air connections for exchange of crews and guests.

There are several yachting centres across the region that provide these types of services (Figure 18). Tonga has been classified as a tertiary yachting centre with the following range of services.

- One boatyard with a haul out facility and potential; storage for around 60 yachts up to around 50ft (includes cyclone storage).
- Moorings in a well-protected harbour (Vava'u) but no formal marina facility.

**Figure 18 South Pacific yacht cruising - markets and service centres**



- A limited range of yacht repair and service providers.
- Limited food provisioning options.
- Extensive cruising areas for yachts under 24m and larger yachts.

Previously, when the moorings bareboat charter centre was operating, there was a broader range of yacht services available in Vava'u. The service and maintenance demands of a year-round operating bareboat fleet would have provided sufficient work to sustain these yacht service businesses over the whole year. However, after the revision of the customs temporary import arrangements, this bareboat fleet is no longer present and yacht service suppliers have either left Vava'u or pivoted into other operations such as whale swimming and watching.

Given Tonga's location on primary cruising routes, the overall number of yachts is likely to remain reasonably stable. Tonga's unique attractions include whale watching / swimming and extensive reef systems. The key growth opportunity is likely to be around increasing length of stays, which would require coordinated regulatory changes and improvements in yacht service offer.



## Market analysis - Primary Yacht Anchorage and Yacht Visitor Attractions

Tonga offers a broad range of visitor attractions and experiences (Figure 19). These are mainly located in the three southern yacht groups of Vava'u, Ha'apai and Tongatapu. The AIS yacht tracks were used to identify the anchorages that were most used by yachts. Key attractions that were most frequented by yacht visitors were identified through a range of online yacht resources such as Noonsite and social media channels.

Nuku'alofa is primarily a transit point for refuelling, whereas Vava'u and Ha'apai are the heart of the cruising grounds within Tonga. Within these groups of islands, the waters are more protected from the ocean and have numerous anchorage options away from the population centres.



**Figure 19 Primary yacht anchorages and yacht visitor attractions in Tonga**





## Market analysis - Visiting Yacht Markets

Due to the challenging environment they need to navigate, yacht tourists are generally very well informed. Decisions and choices are likely to be highly influenced by information passed back and forth through online, radio and social media channels. Many yachts use online blogging as a way of passing on information and staying in contact with friends and other yachts. There are also a significant number of high frequency (HF) and very high frequency (VHF) radio groups in which multiple participants share their experiences. Websites like Noonsite<sup>4</sup> provide regular updates for all countries in the region and provide yacht crews with an opportunity to share their experiences.

This well-informed market also exhibits broad diversity. Yachts of all sizes, from many different countries, and with crews of various sizes are represented in the profiling.

For the purposes of this study (and what is relevant to Tonga) most of this broad spectrum of yacht types can be grouped into two primary markets (Figure 18 and Table 3).

- 1 Trans-Pacific yachts coming from the Panama Canal or the US west coast make up around three quarters of all yachts visiting Tonga. These yachts will either continue west to Australia, the Indian Ocean or sail to New Zealand for cyclone season. Yachts that diverted from Tonga to New Zealand for cyclone season are likely to sail back to Tonga before continuing their westward migration.
- 2 A significant number of New Zealand-based yachts generally use Tonga as a gateway to the southwest Pacific tropical cruising areas. These yachts are likely to spend some time in Tonga, and then potentially head onto Fiji, Vanuatu and Even New Caledonia before returning south to New Zealand.

The opportunities for Tonga to achieve growth in each of these markets are mostly limited to increasing length of stay and consequently, spending. Tonga is well located on the cruising routes and so most migrating yachts will stop for fuel and respite. This is apparent in the high number of yacht arrivals compared to Fiji and Vanuatu.

For the trans-Pacific yachts, a coordinated regional marketing effort would potentially grow the overall volume of yachts coming through the region. A regional effort could also help to expand the perception of the tropical southwest Pacific as a multi-season destination with good cyclone season layovers in Fiji, New Zealand and Tonga. Tonga could independently seek to increase early awareness of its unique offering so that more yachts build the destination into their itineraries from the outset.

New Zealand-based yachts present a volume growth opportunity, although this is likely to already be reasonably well exploited given the close commercial and cultural connections between the two countries. However, these yachts have a cruising season limited by cyclone season and are likely to want to explore more than one country during this window of opportunity. Given the scale of the undertaking to sail a yacht from New Zealand to the tropical region and back within six months, they will certainly be looking to maximise their range of experiences.

The yacht rallies from New Zealand provide a significant opportunity to open demand for this New Zealand-based market. The rally organisers help to lower the perceived barriers to regional cruising by grouping yachts together and providing them with a range of safety, weather and regulatory support.

In summary, the short- to medium-term prospects for yacht volumes will remain around 500-600 per year. However, there is opportunity to increase economic impact by encouraging longer stays. This will involve reducing barriers

<sup>4</sup>[www.noonsite.com](http://www.noonsite.com)

(perceived or otherwise) as well as growing the yacht service industry and implementing

changes to recreate the previous year-round demand for services.

**Table 3 Market analysis of southwest tropical Pacific yacht tourism**

| Primary markets                 | Secondary markets                                | Description                                                                           | Opportunities                                                              |
|---------------------------------|--------------------------------------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| Trans-Pacific yachts            | <div>Multi-season</div> <div>Single-season</div> | Spending cyclone seasons in NZ or Tonga<br>Moving quickly to get through whole region | "Tonga is a closest to NZ for departure & return" "Cyclone season storage" |
| NZ based seasonal yachts        |                                                  | Tend to start in Tonga and work west                                                  | "Natural entry to tropical Pacific"                                        |
| Australia based seasonal yachts |                                                  | Only superyachts                                                                      | "Easy reach from New Caledonia"                                            |
| Pacific based yachts            |                                                  | Very limited inter-island cruising                                                    | Fiji based yachts                                                          |



## 6. ECONOMIC IMPACT



## Direct Visiting Yacht Expenditure

The Tonga Visiting Yacht Survey obtained expenditure information from yachting operators. This data was then averaged to generate standard expenditure rates per yacht per year and expanded to industry-wide annual figures based on vessel call logs and seasonality factors. Yachting tourism expenditure was broken down into three major components:

- Yacht equipment
- Yacht services
- Crew living and recreational expenditure

The total annual yachting expenditure breakdown (Pa'anga 10.4M) For the purposes of this analysis results of the < 24m and > 24m yacht survey results have been combined. This represents approximately 10.8% of the 2023 total international travel and tourism direct expenditure within Tonga. This expenditure was incurred over 2,078 individuals (comprising crew and guests), with an average annual spend per individual of Pa'anga 5,014. This is considerably greater than the average Pa'anga 1,968 per tourist per annum across all travel and tourism (2022 expenditure data).

**Table 4 Direct annual yachting spend for all yachts**

| Category                         | Total Spend         | Item                                     | Total spend yachts (Pa'anga) |
|----------------------------------|---------------------|------------------------------------------|------------------------------|
| Yacht equipment (including fuel) | <b>Pa'anga 2.1M</b> | New outboard motor                       | 101,266                      |
|                                  |                     | New dinghy or tender                     | 34,720                       |
|                                  |                     | New generator or engine                  | 23,395                       |
|                                  |                     | New communications equipment             | 4,629                        |
|                                  |                     | New electronic equipment                 | 2,893                        |
|                                  |                     | New electrical equipment (batteries etc) | 28,506                       |
|                                  |                     | New sails or new canvas                  | 2,315                        |
|                                  |                     | New general chandlery                    | 440,885                      |
|                                  |                     | New fuel                                 | 1,441,584                    |
| Yacht Services                   | <b>Pa'anga 1.6M</b> | Marina services                          | 404,091                      |
|                                  |                     | Haul out                                 | 26,916                       |
|                                  |                     | Storage                                  | 348,258                      |
|                                  |                     | Basic yard services                      | 91,202                       |
|                                  |                     | Rigging                                  | 27,927                       |
|                                  |                     | Engine servicing                         | 97,022                       |
|                                  |                     | Sails                                    | 7,445                        |
|                                  |                     | Electrical/electronic services           | 33,821                       |
|                                  |                     | Detailing                                | 14,061                       |
|                                  |                     | Metal fabrication                        | 10,868                       |
|                                  |                     | Provisioning                             | 94,893                       |
|                                  |                     | Yacht agents                             | 455,695                      |

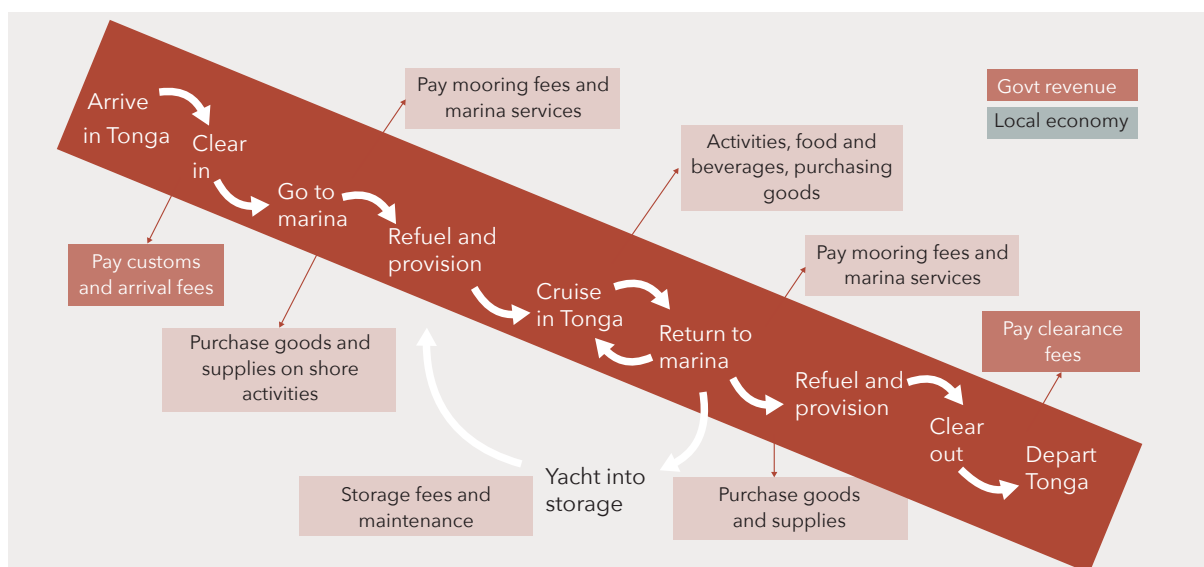
| Category                                                     | Total Spend             | Item                                  | Total spend yachts (Pa'anga)          |
|--------------------------------------------------------------|-------------------------|---------------------------------------|---------------------------------------|
| Crew<br>Living and<br>Recreational<br>Expenditure<br>(Other) | <b>Pa'anga<br/>6.7M</b> | Weekly shopping                       | 3,019,703                             |
|                                                              |                         | Weekly restaurant/bar                 | 1,839,512                             |
|                                                              |                         | Recreational activities               | 561,518                               |
|                                                              |                         | Medical/dental                        | 23,343                                |
|                                                              |                         | Taxis/car rentals                     | 46,564                                |
|                                                              |                         | Bus/coach/domestic flights            | 698,089                               |
|                                                              |                         | Internet/phone communications         | 65,018                                |
|                                                              |                         | Accommodation/hotels                  | 126,685                               |
|                                                              |                         | Retail shopping                       | 84,305                                |
|                                                              |                         | Handicrafts and traditional souvenirs | 155,724                               |
|                                                              |                         | Other                                 | 109,001                               |
| <b>Yachting Industry Tourism Expenditure</b>                 |                         | <b>Total</b>                          | <b>10,421,855<br/>(USD 4,397,407)</b> |

Note: Individual item spends at this level of disaggregation should be treated with caution as respondents would be likely to aggregate spending into one or more areas where they do not have immediate access to their spending records.

The expenditure summarised in Table 4 is spread over the duration and geographic distribution of each yacht trip. Figure 20 illustrates a typical yacht journey through Tonga. For example, an arriving yacht will clear customs, pay any associated fees, and typically head to a marina to restock and repair from their journey. This will involve expenditure to both the marine and local economy. Once provisioning is complete, the AIS data obtained as part of the assessment (Section 4) demonstrates the variety of inter-island travel that a visiting yacht may undertake. This cruising is associated with an array of

expenditures to regional communities as yacht crew and guests participate in activities and buy goods and services. Once cruising is complete, a yacht may return to a marina to prepare for a longer outward journey as it departs Tonga, including more expenditure on yacht equipment and services, before clearing customs. While not significantly practiced within Tonga, some vessels may choose to go into storage for the off-season. Such annual storage services are seen to represent a significant element of total yachting expenditure in other Pacific countries with more mature yachting industries.

**Figure 20 - Economic activity stimulated by yachting**





## Direct Economic Impact

The direct yachting expenditure outlined in the previous section represents the way foreign money enters the Tongan economy through yachting. Where the money flows to from this initial expenditure is a function of the nature of the economy and businesses in operation.

To understand this monetary flow, the direct expenditure data gathered was supplemented by structured interviews with local suppliers of

goods and services. This identified interactions with, and dependency on, the international yachting sector. Marinas and yacht maintenance firms engage full-time employees (FTEs) at wage rates at or above the national median averages. Most FTEs are sourced from local communities and technical training and support is provided. A snapshot of key findings is shown in the Figure 21. Yachting expenditure typically supports an array of businesses and employment.

In consideration of the survey results, stakeholder engagement and the nature of the operations within each of the expenditure items

**Figure 21 How yachting expenditure supports local business and employment**



listed in Table 4, an estimate of the total leakage associated with each category was developed. This was then applied to the total direct expenditure to determine the direct yachting tourism output (Table 5). This reflects the amount of money that effectively stays in operation within the economy following the initial

purchase and represents the direct economic impact of yachting. The adjustments for tax and import leakage were assessed based on the survey information received, site inspection / stakeholder engagement and professional judgement.

**Table 5 Direct economic impact 2023**

| <b>Item</b>                                              | <b>Total spend yachts<br/>(Pa'anga)</b> | <b>Leakage (%)</b> | <b>Direct Economic<br/>Impact (Pa'anga)</b> |
|----------------------------------------------------------|-----------------------------------------|--------------------|---------------------------------------------|
| New outboard motor                                       | 101,266                                 | 82%                | 18,104.81                                   |
| New dinghy or tender                                     | 34,720                                  | 82%                | 6,207.36                                    |
| New generator or engine                                  | 23,395                                  | 82%                | 4,182.67                                    |
| New communications equipment                             | 4,629                                   | 82%                | 827.65                                      |
| New electronic equipment                                 | 2,893                                   | 82%                | 517.28                                      |
| New electrical equipment<br>(batteries etc)              | 28,506                                  | 82%                | 5,096.41                                    |
| New sails or new canvas                                  | 2,315                                   | 82%                | 413.82                                      |
| New general chandlery                                    | 440,885                                 | 82%                | 78,823.03                                   |
| New fuel                                                 | 1,441,584                               | 83%                | 245,069.28                                  |
| Services marina                                          | 404,091                                 | 25%                | 303,068.03                                  |
| Services haul out                                        | 26,916                                  | 15%                | 22,878.31                                   |
| Services storage                                         | 348,258                                 | 15%                | 296,019.52                                  |
| Services basic yard                                      | 91,202                                  | 15%                | 77,521.52                                   |
| Services rigging                                         | 27,927                                  | 15%                | 23,738.22                                   |
| Services engine                                          | 97,022                                  | 15%                | 82,468.53                                   |
| Services sails                                           | 7,445                                   | 15%                | 6,328.22                                    |
| Services electrical / electronic                         | 33,821                                  | 15%                | 28,747.68                                   |
| Services detailing                                       | 14,061                                  | 15%                | 11,951.66                                   |
| Services metal fabrication                               | 10,868                                  | 15%                | 9,238.14                                    |
| Services provisioning                                    | 94,893                                  | 15%                | 80,659.44                                   |
| Services yacht agents                                    | 455,695                                 | 66%                | 154,936.39                                  |
| Weekly shopping                                          | 3,019,703                               | 19%                | 2,438,410.01                                |
| Weekly restaurant bar                                    | 1,839,512                               | 36%                | 1,172,688.70                                |
| Recreational activities                                  | 561,518                                 | 15%                | 477,290.40                                  |
| Medical / dental                                         | 23,343                                  | 36%                | 14,881.11                                   |
| Taxis / car rentals                                      | 46,564                                  | 19%                | 37,600.31                                   |
| Bus / coach / domestic flights                           | 698,089                                 | 75%                | 178,012.62                                  |
| Internet / phone communications                          | 65,018                                  | 49%                | 33,159.55                                   |
| Accommodation / hotels                                   | 126,685                                 | 33%                | 85,512.44                                   |
| Retail shopping (clothing /<br>watches / jewellery, etc) | 84,305                                  | 24%                | 64,492.96                                   |
| Handicrafts and traditional<br>souvenirs                 | 155,724                                 | 15%                | 132,365.73                                  |
| Other                                                    | 109,001                                 | 24%                | 83,386.06                                   |
| <b>TOTAL</b>                                             | <b>10,421,855<br/>(USD 4,397,407)</b>   |                    | <b>6,174,597.82<br/>(USD 2,605,315)</b>     |



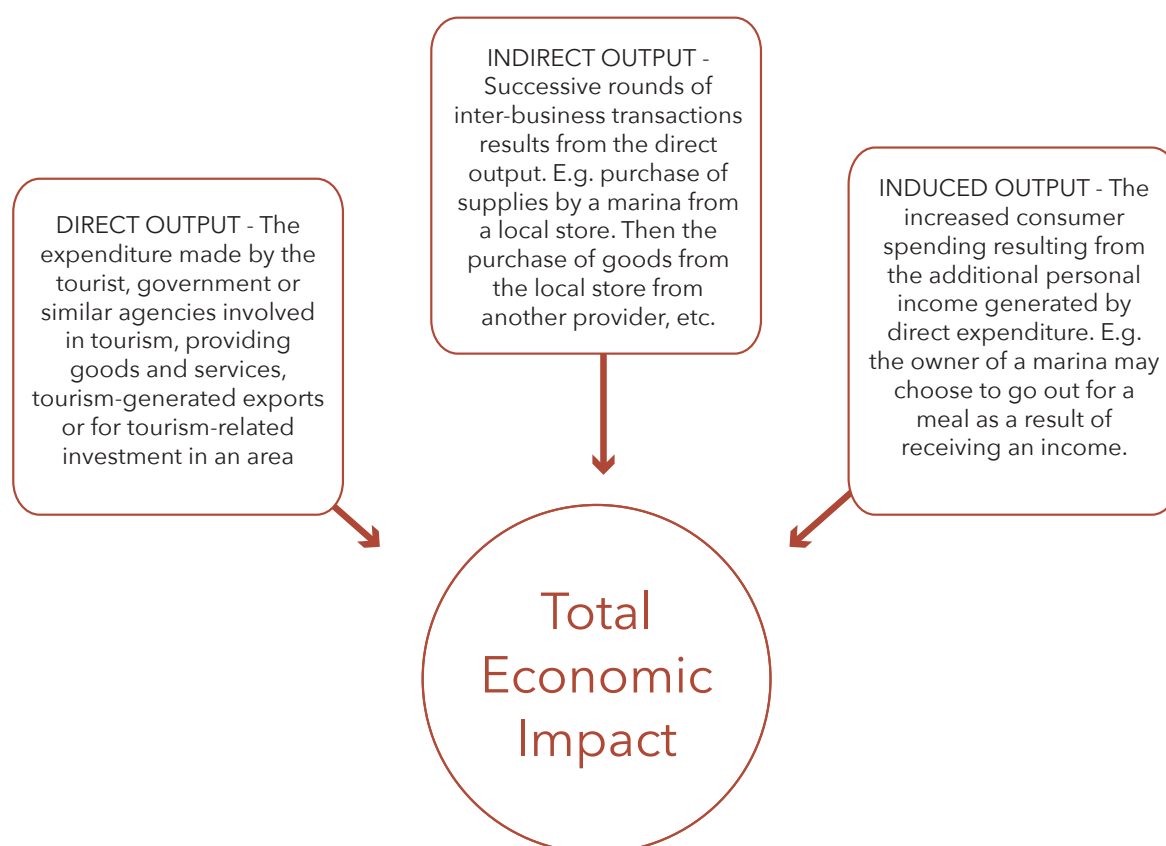
## Estimation of Total Economic Impacts

The economic impact of this expenditure into the local economy is determined through the analysis of yachting-specific tourism satellite accounts (TSAs), which demonstrate how yachting expenditure flows to other sectors. Tonga does not have any existing yachting or general TSAs and the data acquired through the surveys and structured interviews is insufficient to develop a full yachting TSA. A more detailed study of supply lines and accounting is required to develop TSA tables and generate a firm estimate of direct economic output and value added by the yachting industry.

As an alternative, the direct expenditure information obtained is listed below.

- 1 Adjusted for tax estimations to approximate the direct yachting tourism demand.
- 2 This demand was adjusted by an estimate of the proportionate expenditure on direct imports to provide an estimate of the direct yachting tourism output.
- 3 Direct yachting output can be taken as an approximate measure of the direct economic contribution of yachting to the Tongan economy.
- 4 This output can be further adjusted by an estimate of intermediate consumption captured within the expenditure to identify the overall value added to the economy. The adjustments for tax and import leakage were assessed based on the survey information received, site inspection / stakeholder engagement and professional judgement.

**Figure 22 - Components of Total Economic Impact**



This approach estimated an annual direct tourism output of Pa'anga 6.1M (59% of yachting expenditure). In addition, there are indirect and induced contributions in association with the direct expenditure (Figure 22) that comprise the total economic impact of yachting.

The magnitude of the indirect and induced components is typically estimated through a multiplier applied to the direct yachting output. For the purposes of the study, a type II multiplier approach was taken. This multiplier

represents the ratio of the value of initial investment against the total economic impact of the investment, capturing both the indirect outputs and the induced outputs. The multiplier is applied to the direct expenditure to arrive at the total economic impacts.

The World Travel and Tourism Council publishes strategic level type II multiplier for general tourism (Table 6).

**Table 6 Type II multipliers for general tourism (WTTC, 2023)**

| Country  | 2019 | 2023 |
|----------|------|------|
| Vanuatu  | 3.3  | 2.3  |
| Kiribati | 2.2  | 2.2  |
| Tonga    | 2.7  | 2.3  |

The type II multiplier for travel and tourism has averaged consistently between 2.3 and 2.7 since 2019. This suggests that for each dollar of general tourism investment an additional \$2.50 of economic activity is generated. Given that yachting participants spend more on average than traditional tourists, it is likely that the multiplier for yachting would be slightly more than this.

In the absence of a yachting specific TSA I-O model, application of the average type II multiplier would suggest the total economic output of yachting is Pa'anga 15.4M per year (a net present value of Pa'anga 222.4M over 30 years) (Table 7).

**Table 7 Annual economic impact of yachting**

| Direct Economic Impact of Yachting (Pa'anga) | Indirect and Induced Economic Impacts of Yachting (Pa'anga) | Total Economic Impact of Yachting (Pa'anga) |
|----------------------------------------------|-------------------------------------------------------------|---------------------------------------------|
| 6,174,598<br>(USD 2,605,315)                 | 9,242,106<br>(USD 3,899,623)                                | 15,416,704<br>(USD 6,504,938)               |

# Socioeconomic Impacts of Yachting Tourism Expenditure



**Almost all the Pa'anga 10.4M direct spending is foreign exchange paid in Tonga to Tongan businesses**

Unlike other forms of tourism, visitors on yachts generally do not pre-pay and book services prior to arrival. All spending is done once they are in Tonga using foreign exchange. While accommodation expenditure is limited, external and diverse expenditure for living expenses and activities is substantial and is typically greater than parallel expenditure from other tourists (e.g. plane or cruise ship tourists). The survey only captured spending paid to Tongan businesses and did not include online orders or other transactions outside Tonga.



**Yachting has created a healthy environment for upskilling Tongan labour**

The growth of yachting in Tonga and its unique position in the Pacific has created significant demand for yacht maintenance and support services. These services require a higher level of skill than other forms of tourism and has resulted in the development of a specialised and skilled workforce. Formal and informal training of labour has been driven by the need for yacht service suppliers to meet international standards.

As a result, labour in the Tongan yacht service industry is generally on higher wage rates than other areas of tourism. During structured interviews, several businesses expressed their concern about losing skilled staff and their commitment to retaining their staff through higher pay and ongoing training. The development of a highly skilled workforce in yachting will have broader impacts on the Tongan economy as these workers migrate into other sectors.



**Yachting impacts reach remote communities that do not otherwise benefit from tourism**

Visiting yachts are now exploring almost all of Tonga. Many visitors are seeking more remote and isolated islands to interact with the communities living there. While the main expenditure is concentrated in the yachting centres, there is a disproportionate impact from even very small levels of spending and contribution in these remote communities. The contributions include:

- direct spending for informal tours and activities
- access to safe anchorages in bad weather
- exchange of produce and essential supplies
- emergency and charitable support
- repairs of village equipment such as generators and solar installations.



**The increasing yachting demand is attracting new infrastructure spending**

Infrastructure spending will help to provide additional capacity and sustain the long-term growth in the sector. However, there will also be significant economic impacts from the construction activity itself. These impacts have not been included in this study but represent a potentially major upside to the estimated Pa'anga 15.4M of total economic impact.





## Economic Impact Distribution Analysis

Yacht crew and guests spend most of their time in Vava'u (73%), making up the largest share of yachting days (Figure 23). Most other tourists are more likely to spend their time in Tongatapu and Eua (81%), which only making up 15% of yachting trips. This illustrates the importance of yachting to the local economy of Vava'u and the potential impact yachting activities can bring to dispersed island communities.

The distribution of time is also reflected in the estimated degree of associated yachting expenditure (Figure 24). As is expected, Vava'u receives the most direct yachting tourism expenditure compared to the other regions. However, Tongatapu and Eua are expected to receive elevated expenditure relative to visitation time because Nuku'alofa (within Tongatapu) is the capital city and an important yacht hub, particularly for yachts transiting to and from New Zealand.

**Figure 23 Distribution of visitor time**

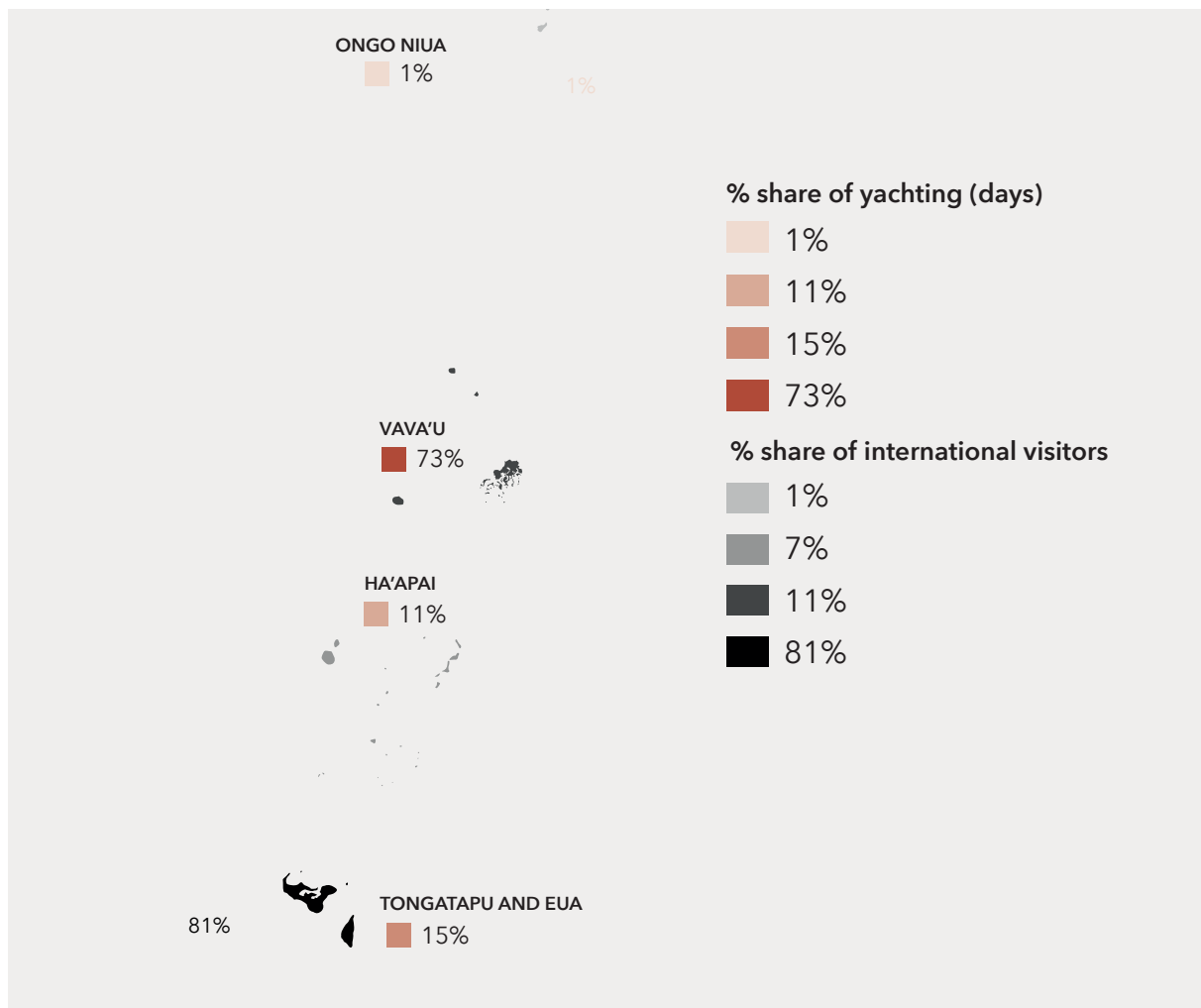
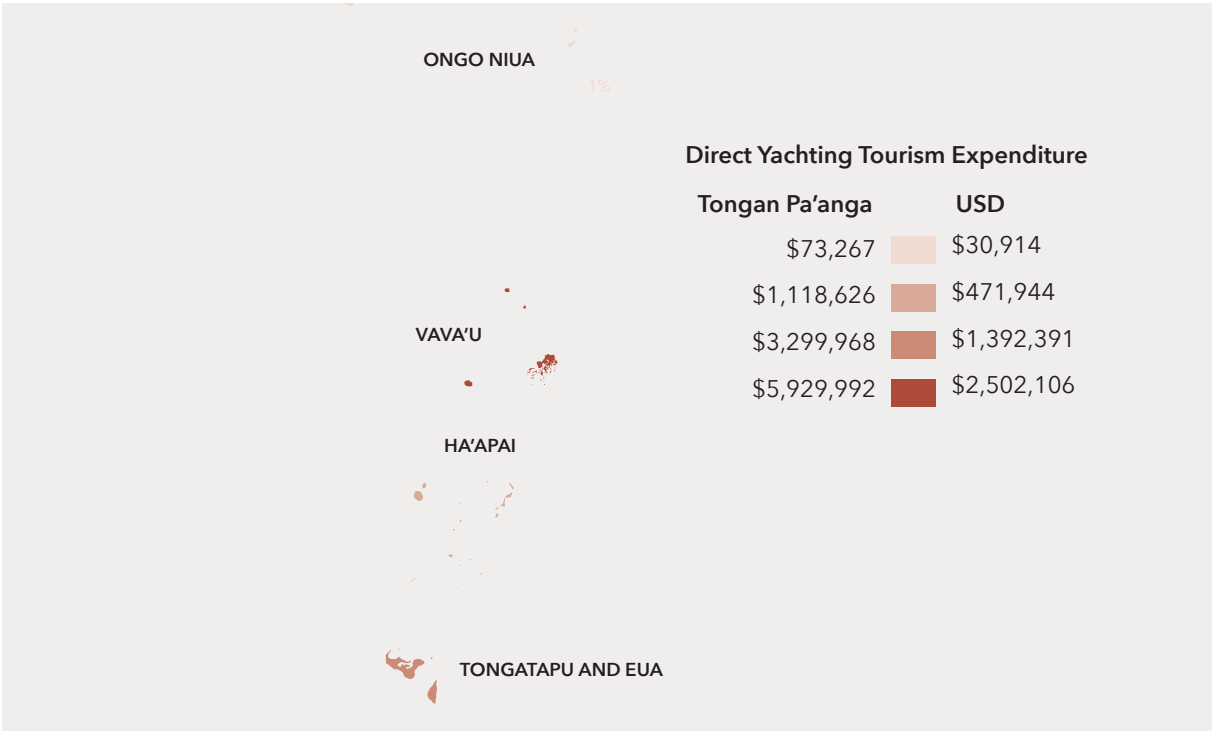
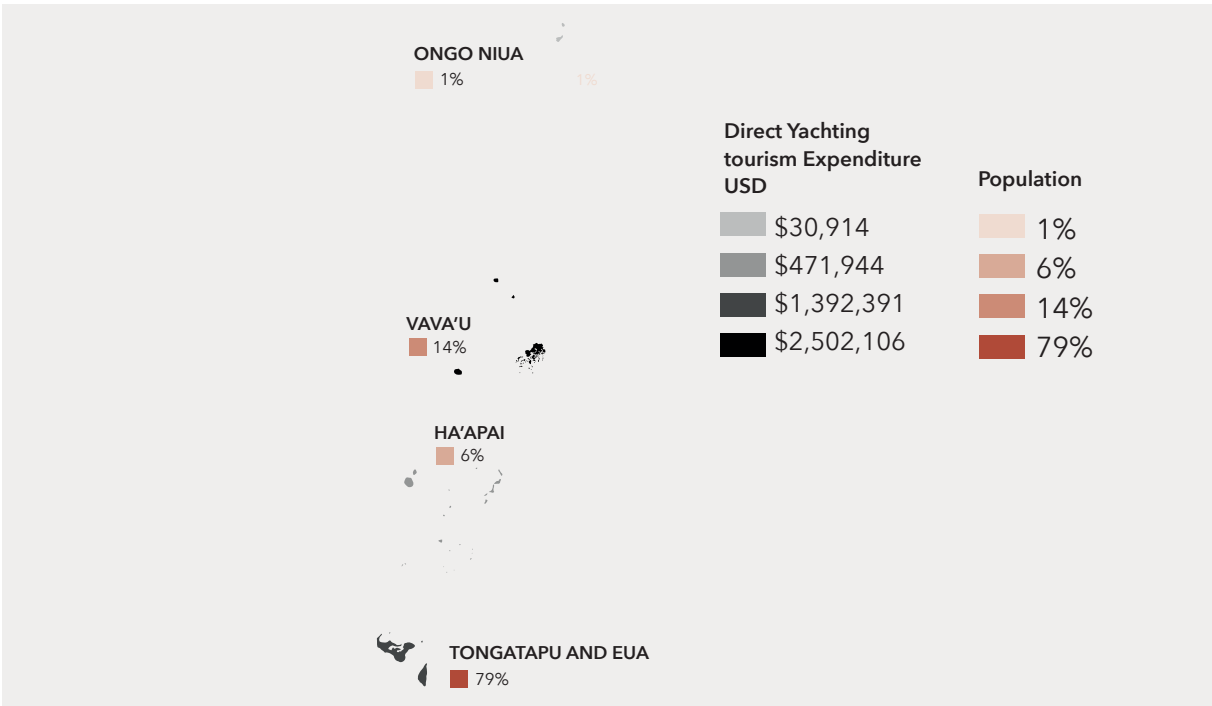


Figure 24 Distribution of tourism expenditure



The significance of this expenditure is highlighted when the relative proportion of national population is considered. Vava'u only makes up 14% of the Tongan population, yet it will receive around Pa'anga 6M per year in yachting economic activity.

Figure 25 Distribution of tourism expenditure against population





## 7. SWOT ASSESSMENT

An assessment of the strengths, weaknesses, opportunities and threats (SWOT) of Tongan yacht tourism is based on a broad regional understanding of yacht tourism markets and the relative merits of the competing destinations (see section 5).

French Polynesia and Fiji are major attractions for yachts of all sizes, with good cyclone season storage options and seasonal bases

for superyachts. However, destinations like Tonga and Vanuatu provide unique experiences for yachts and these will be well broadcast among the community of cruising yachts and superyachts.

In this section, we seek to summarise the key points into a SWOT assessment to provide a basis for consideration of growth strategies for Tonga.

## SWOT Analysis for Tonga

### Strengths

- Excellent cruising ground with unique regional experiences such as whale watching / swimming and a range of indigenous cultural events.
  - Excellent anchorages (Vava'u), and extended areas of protected water in harbours and between islands.
  - Located on the main trans-Pacific cruising route.
  - Primary gateway between New Zealand and the tropical southwest Pacific.
  - Cyclone season out-of-water storage option in Vava'u.
  - North-south orientation provides easier sailing opportunities (across prevailing winds) between island groups.
  - Reasonable provisioning in supermarkets and local markets (Nuku'alofa).
- 

### Weaknesses

- Range of yacht tourism experiences limited to single-season cruising.
  - Lack of sustained yacht services: The lack of a robust 12-month demand means that technical and other yacht service providers are unwilling to permanently set up in Vava'u. (The previous bareboat charter operation was able to sustain a broader range of yacht services throughout the year).
  - Immigration and temporary import regulations: The need to renew immigration clearance after one month (see commentary below), and limitations on temporary import create an impression of limited time in country.
  - Lack of formal superyacht charter arrangements means that there is uncertainty about the regulatory environment for charters.
  - Limited frequency and range of reliable international air connections.
-

## Opportunities

- Join regional actors to promote south Pacific yacht tourism, and encourage multi-season stays in the area.
  - Promote Tonga as a destination at the itinerary planning stage (in Europe, Panama and Franch Polynesia, for example).
  - Relaxation of immigration and customs temporary import limit could Increase lengths of stay and the attraction of cyclone season storage in Tonga.
  - Increase spends by improving service environment: Rebuilding a year-round demand (expanding cyclone storage, reconsider bareboat charter potential) and engaging yacht industry suppliers (marinas, technical services etc) in Vava'u or Nuku'alofa.
  - Secure marina for owners to leave yachts for non-cruising layovers.
  - Leverage proximity of Denarau superyacht hub – Nadi is 500 nautical miles from Nuku'alofa (two days for most superyachts).
  - A clear and well-regulated superyacht charter market such as Fiji's could provide additional activity, however it would be important to ensure that this activity fed into the local economy.
- 

## Threats

- Out-of-season cyclones are becoming more frequent, and this may erode the shoulders of Tonga's longer yacht cruising season.
  - Competition from Fiji and other Pacific Island destinations in close proximity: While regional cooperation will be essential there will be a competitive pull as these other destinations market yacht tourism.
  - Visiting yacht-related security / behavioural issues: Currently this is minimal but should be monitored and regulated properly. A clearer regulatory (and cultural advisory) environment would help to reduce misconceptions and provide a better understanding of cultural norms for visiting yachts in Tonga.
  - A perception of unwelcoming arrival for yachts propagate rapidly through social media and other channels.
  - Inadequate yacht infrastructure means that yachts requiring repairs or service may quickly move on to Fiji, where these services are readily available,
-



## Regulations Relevant to Yachting Tourism in Tonga

A key issue relating to opportunities for developing the yacht tourism market in Tonga is the regulations that apply to visiting yachts. The principal regulations that impact visiting yachts and crews relate to immigration and temporary importation of yachts. Immigration rules vary by nationality, but for most yacht crews visiting Tonga there is a requirement to extend their visa one month after arrival, with an overall 12-month limit on stay.

Foreign registered yachts can be temporarily imported into Tonga for four months without duty being liable. Temporary importation can be extended up to 12 months, however there is a requirement for a representative ('master in charge') of the yacht owner to be responsible for the yacht while the owner and crew are outside Tonga.

These regulations are the most restrictive of the comparative countries in the region (Tonga, Vanuatu and Fiji). Fiji has relaxed temporary importation to five years to capture the opportunity for multi-season stays and increased yacht service activity over the cyclone season (Table 8).

All yachts enroute to Tonga must provide a minimum of 24 hours notice of arrival to Tongan authorities. The advanced notice form must be completed and emailed or faxed to Tonga customs.

Most visiting yachts stay in Tonga less than the initial one-month visa allowance. It is likely that perceptions drive yacht crews to try to complete their visit quickly and move on when there is a good weather opportunity. This perception was noted in interviews. When they arrive in Tonga, yacht crews want to spend about a week resting, reprovisioning and refuelling in Vava'u or Nuku'alofa. Then they want to visit some of the attractions and maybe cruise through the Ha'apai or Vava'u island groups. By this time, they need to think about returning to port to extend their visas. It is likely that they then just decide to continue and move on to Fiji.

The temporary import restrictions would be foremost in the minds of those deciding where to store their yachts over cyclone season. Fiji's relaxed environment would be very attractive to those considering multi-season stays in the region, while the 12-month limit in Tonga could be perceived as restrictive. For example, a yacht owner from New Zealand arriving in Tonga in April and considering a two-season stay would be reluctant to commit to Tonga because having to leave the following April could be challenging if cyclone activity extended into April the following year.

**Table 8 Comparison of regional customs and immigration regulations for yachts**

|         | Customs (temporary import of vessels) |                 | Immigration |                   |
|---------|---------------------------------------|-----------------|-------------|-------------------|
|         | On arrival                            | Extensions      | On arrival  | Extensions        |
| Vanuatu | 6 months                              | up to 18 months | 1 month     | up to 12 months   |
| Tonga   | 4 months                              | up to 12 months | 1 month     | up to 5 months    |
| Fiji    | 18 months                             | up to 5 years   | 4 months    | 10 months... plus |



## 8. STRATEGY FOR GROWTH

In this section we use the preceding market assessments and other analyses to identify priorities and potential economic impact growth scenarios for yacht tourism.



## Challenges for Growth in Visiting Yacht Markets

Overall, Tonga has a high number of yachts with a good level of daily spend, however the key challenge for economic impact is their short length of stay. This high turnover rate is for a range of reasons, some of which can be quite easily addressed in the short term.

- Perceptions of restrictive immigration and temporary importation requirements
- Lack of a clear and well understood yacht charter policy (for both superyacht charter and bareboat charter)
- The availability and quality of services that directly support yachting activities, services and maintenance.
- The availability and quality of associated tourism activities, experiences and goods for attraction and consumption by yachting crews and guests.



## Economic Impacts of Growth

The nature of yachting is such that for every percentage increase generated in terms of length of stay or total number of visiting yachts, a corresponding percentage increase is generated in direct expenditure. For example, if a 10% increase in average yachting length of stay can be generated, a Pa'anga 1.5M increase in economic activity will be generated. This is similarly true if a 10% increase in the total number of yacht visitation was achieved. Increases in the degree of expenditure per trip is typically more complex as it is highly dependent upon the nature of the good / service being purchased, as some goods have high economic leakage and contribute little to the local economy (e.g. fuel). As such, initiatives that increase the total visitation and average trip length are recommended from an economic perspective.



## Recommendations for Growing Yacht Tourism in Tonga

### Yachts under 24m - increasing the number of yachts

Different strategies are required for the different primary market segments.

- **Recommendation 1:** For the largest trans-Pacific yacht market, a regional effort should be supported to promote more yachts to come and stay longer (multi-season stays with cyclone season layovers where appropriate). This requires coordinated action by Tonga Tourism and partners in the Tonga yachting industry.
- **Recommendation 2:** The New Zealand yacht tourism market could grow with increased marketing and better support for the yacht rallies to lower the barriers to uptake by yacht crews. This requires coordinated action by Tonga Tourism and partners in the Tonga yachting industry.

- **Recommendation 3:** Vava'u offers a unique location for bareboat yacht charter operation. Previously, this operation supported year-round tourism that helped to sustain a vibrant, year-round, yacht service environment. The viability of these bareboat operations around the world depends on extended temporary import arrangements for foreign-owned bareboat charter vessels. Tonga Tourism should engage with other government agencies to evaluate the potential economic benefits of creating a more viable regulatory environment for this type of operation.

### **Yachts under 24m - increasing the average length of stay**

Strategies for increasing stay need to be targeted according to the market segments. One of the key recommendations of this report is to review immigration and temporary importation regulations to ensure that yacht owners and crews are not discouraged from longer stays over the peak season and cyclone season.

- **Recommendation 4:** For the largest trans-Pacific yacht market, Tonga should communicate its unique attractions, so they get built into yacht itineraries before they leave Europe or the US. Tonga Tourism and the yachting industry partners should identify opportunities to market Tonga at European events and boat shows.
- **Recommendation 5:** Consider relaxing initial one-month immigration entry limit to that mandated by Fiji - four months. While this can be extended by revisiting immigration offices, it will inevitably act as a perception deterrent to staying longer. Tonga Tourism should engage with customs and immigration agencies to explore legal and regulatory options for creating a more relaxed regulatory environment for visiting yachts.

- **Recommendation 6:** Consider relaxing the temporary import limit to reduce real and perceptual barriers for owners wishing to store their yachts in Tonga over the cyclone season. Tonga Tourism should engage with customs and immigration agencies to explore legal and regulatory options for creating a more relaxed regulatory environment for visiting yachts.
- **Recommendation 7:** Coordinated effort to improve the range and depth of yacht services in Tonga would increase the economic contribution from visiting yachts and would encourage longer stays. There are limited technical and equipment services in Vava'u and yachts will move on to Fiji or New Zealand to undertake essential repairs or service activities. Tonga's yacht industry should organise and coordinate activities and lobby government to ensure there is a stable and favourable enabling environment for investment by yacht service suppliers.

### **Yachts over 24m - formalising the regulatory environment for chartering**

Tonga is at the crossroads of routes from the Denarau, New Zealand and French Polynesia superyacht hubs. There is an opportunity for yachts transiting between these hubs to spend more time in Tonga by being able to undertake charters in Tongan waters.

- **Recommendation 8:** The regulatory requirements for chartering and other superyacht activities should be well established and clearly documented on official websites (similar to the Fiji arrangements). These regulations should provide balance between contribution to the Tongan economy and maintaining Tonga's attraction for these operations. The Tongan Government should review conditions for superyacht charter and establish a clear regulatory framework for superyachts to undertake charters.



## Potential Value of Reintroduced Bareboat and Increased Length of Stay - Under 24m

We have made realistic assumptions of the potential economic gain from introducing various measures and changes to increased length of stay and the reintroduction of a 12-month bareboat operation.

Based on these assumptions we estimate that these initiatives could increase the economic contribution of yacht tourism by around USD 7M.

| Current situation                                                                                                                                                                                             | Potential                                                                                                                                                                                                     | Facilitating factors                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>540 yacht visits per year</li> <li>Average length of stay 34 days</li> <li>Spend per yacht day USD 195</li> <li>Total spend USD 4.4M, contributing USD 6.5M</li> </ul> | <ul style="list-style-type: none"> <li>Avg length of stay increase to 60 days (2 months)</li> <li>Total direct spend increase to over USD 5M, contributing an extra USD 3M into the Tongan economy</li> </ul> | <ul style="list-style-type: none"> <li>Relaxation of immigration and customs restrictions which impact length of stay</li> <li>Safe and secure yacht storage</li> <li>Improved range and depth of yacht services</li> <li>Reliable flight connections to and within Tonga</li> <li>Community engagement to establish local support and awareness</li> <li>International marketing</li> </ul> |



## Market Potential Value of Reintroduction of Bareboat Charter Operations - Under 24m

| Current situation                                                                                                            | Potential                                                                                                                                                                                                                                                        | Facilitating factors                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Bareboat charter operations have now ceased due to changed tax application</li> </ul> | <ul style="list-style-type: none"> <li>Permanent based year-round fleet of 25 x yachts</li> <li>Est, 5,500 yacht days (60% utilization)</li> <li>Based on market rates =USD 5.5M direct expenditure</li> <li>Increased economic contribution USD 4.1M</li> </ul> | <ul style="list-style-type: none"> <li>Relaxation of immigration and customs restrictions which impact length of stay and temporary import</li> <li>Safe and secure yacht storage</li> <li>Improved range and depth of yacht services</li> <li>Reliable flight connections to and within Tonga</li> <li>Community engagement to establish local support and awareness</li> <li>International marketing</li> </ul> |



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