TOURISM POLICY FOR THE MALTESE ISLANDS

2012/
2016

Contents

Sustainable Tourism Growth for Malta and Gozo

In 2011, the Ministry for Tourism, Culture and the Environment started formulating the Tourism Policy for the Maltese Islands. This policy follows the National Tourism Policy (2007-2011) which advocated measures and actions aimed at boosting Malta's accessibility, improving our tourism product offering and at ensuring that our marketing efforts are more effective. The plan called for a unified effort across government to help the tourism industry to grow. This call was heeded and the majority of the actions contemplated were in fact put into effect. Amongst these, one could mention the review of the VISA procedures, the embellishment works in tourism zones, the construction and commissioning of the liquid waste plants, the public transport reform and the investment towards opening up new routes. Government's actions brought about the desired results with four of the past five years ending up as record years in terms of tourism arrivals and earnings. As a result of the actions undertaken, our tourism industry is today more diversified, more robust, less seasonal and generating over a billion in expenditure.

The challenges we are facing now are different from those of 2007. The National Tourism Policy (2012-2016) presents a strategic and objective framework which aims at creating a stronger competitive edge, higher-value added, higher-quality and excellence in tourism. The framework proposed in this policy document is not only intended to safeguard the sector's growth for the future but also to create and to maintain effective inter-linkages with those sectors which provide services to the sphere of tourism and others which trigger diversification in our local tourism offering. The framework laid out in this document is in line with the Communication entitled Europe, the World's No. 1 Tourist Destination – A New Political Framework for Tourism in Europe which was issued by the European Commission in 2010 essentially with a view to set the strategic pathway for tourism in Europe. We will work with the European Commission on actions that stimulate competitiveness in European tourism, on promotional measures that support the development of sustainable, responsible and high-quality tourism, on measures that consolidate the image and profile of Europe as a high-quality tourism destination and we will seek to maximise the potential of EU financial instruments for the sector.

The priorities and policy responses that are being laid out in this document are essentially interlinked to the outcomes of the 1992 United Nations Conference on Environment and Development (UNCED), the Rio Earth Summit, where tourism was confirmed as one of the key sectors of the global economy and as a sector which contributes to achieve sustainable development. In parallel with this, the policy responses that are being presented in this document relate strongly to the outcomes of the World Summit on Sustainable Development which took place in Johannesburg in 2002, where specific focus was shed on the need to create a fairer distribution of income, to generate responsible investment and consumption and most outstandingly to operate within the parameters of the Global Code of Ethics developed by the World Tourism organisation (WTO). The policy responses are also formulated in the light of the preparatory discussions for the 2012 RIO+20 United Nations Conference on Sustainable Development.

The Tourism Policy for the Maltese islands (2012-2016) reflects a consolidated policy framework which stems from an extensive consultation process with the public and following an intensive research-based process on Malta's accessibility, our accommodation offering, Malta's gateway and international transport, international trends, social, economic and environmental impacts amongst others.

The policy documents relates to a proactive framework which builds on the achievements of previous policies, it keeps constant pace with the changing trends in tourism while safeguarding the viability of the tourism sector from an economic, ecological, ethical, innovative and social dimension. For tourism in Malta and Gozo to realise its potential and to achieve broad-based sustainable development, collaboration between Government, international institutions, stakeholders and the public is fundamental. The National Tourism Policy (2012-2016) reflects a critical strategic framework which enables the Maltese Islands to reach better performance, higher-value added and excellence in tourism. We want all stakeholders and the public at large to contribute to the implementation of a vision of excellence for the sector through the realistic roadmap which is laid out in this document for the years to come.

I am confident that through collective and collaborative efforts tourism will continue to grow sustainably and that the positive trends witnessed in previous years will continue taking place over the coming years for the benefit of all.

Dr. Mario de Marco
Minister for Tourism, Culture and the Environment

Introduction

This paper illustrates Malta's tourism strategy and the proposed implementation of a number of policies for the years 2012-2016 aimed chiefly at maximising and promoting our tourism industry. It deals specifically with travellers visiting Malta and Gozo, by air or sea, as regular tourists or cruise liner passengers.

As far as Gozo, the policy also extends to domestic tourism - i.e. - to Maltese holidaying in Gozo. The reverse scenario - i.e. Gozitans holidaying in Malta or even Maltese holidaying here in Malta is not factored in or contemplated. The paper explores different aspects of the travel value-added chain in order to establish what will be the key challenges and opportunities that Malta will face in the coming five years as well as the resultant policy responses that will assist and guide the government in any of its action plans or decision-making processes.'

This document follows on from the National Tourism Policy and Plan (2007-2011). These documents had established a number of actions that Malta needed to endorse if the Maltese Tourism industry was to return to growth after years of stagnation. In effect, the implementation of the policies and actions proposed in these aforementioned documents had the desired effect of boosting Malta's tourism industry to growth. Four out of the five years of the document's lifespan registered a record number of tourist arrivals. While the main goal of the policy document in 2007 was to re-invigorate the tourism industry, the over-arching goal of government's tourism policy in 2012 is to ensure that tourism remains a driver for sustainable development. For this to happen, our tourism industry needs to continue to adapt and be responsive to the changing nature of the industry.

Rapid changes in technology, shifting economic realities and ever evolving consumer demands have substantially altered today's tourism landscape, when compared to the situation five years ago. Compared with the situation ten years ago, it is safe to say that the industry today, is hardly recognisable. Post 2001, the local tourism situation could not keep up with the changes that were taking place in the international sphere. This went on for a number of years and led to a slow but steady market share erosion. The 2007 tourism policy brought Malta in line with neighbouring industries abroad by heralding a number of changes most notably the facilitation of low cost travel to Malta and the widespread use of internet technology as a means of promoting and booking holidays to Malta.

	2006	2007	2008	2009	2010[1]	2011[2]
Tourist Departures	1,124,236	1,243,510	1,290,856	1,182,490	1,336,391	1,411,748
Males	573,115	629,363	672,106	615,584	689,937	750,305
Females	551,121	614,147	618,750	566,906	646,454	661,443
Spending (in €)	998,095,000	1,058,069,000	1,069,435,000	924,927,000	1,130,413,000	1,230,441,000
Total Nights	10,661,387	11,016,993	10,962,465	9,949,378	11,139,979	11,680,167

Table 1: Tourist Departures by gender, Expenditure and Total Nights
Source: National Statistics Office

The re-alignment resulted also in a change in the type of tourists that we are attracting to Malta. The main changes were:

[1]*Year 2010 Revised by NSO as at 02.02.12
[2] Year 2011 Actual figures by the NSO as at 02.02.12

An increase in the number of independent visitors and a decrease in tour operator traffic. (Table 2 hereunder)

	2006	2007	2008	2009	2010	2011
Individual Travel	373,388	560,464	695,877	652,612	744,656	742,707
Tour Operator	750,848	683,046	594,979	529,878	591,735	669,041

Table 2: Independent Travel vs Tour Operator Traffic
Source: National Statistics Office

An increase in tourists from Italy, Spain, Scandinavia and the UK.
(Table 3 hereunder)

	2006	2007	2008	2009	2010	2011
Italy	112,548	113,651	144,456	161,736	217,726	199,830
Spain	20,660	37,428	49,497	45,298	67,809	63,111
Scandinavia	73,683	87,281	85,514	66,779	92,826	93,027
UK	431,339	482,404	454,356	398,472	415,191	439,717

Table 3: Arrivals from Italy, Spain, Scandinavia and UK
Source: National Statistics Office

The top 5 source markets remained the same, namely: UK, Italy, Germany, Nordic Countries and France (Table 4 hereunder), even if the pecking order and the numbers generated from each source market changed.

Top five Source Markets (ranked as at year 2011)						
	2006	**2007**	**2008**	**2009**	**2010**	**2011**
UK	431,339	482,404	454,356	398,472	415,191	439,717
Italy	112,548	113,651	144,456	161,736	217,726	199,830
Germany	125,810	130,049	150,793	127,374	126,190	134,584
Scandinavia	73,683	87,281	85,514	66,779	92,826	93,027
France	73,400	75,149	81,152	71,931	86,533	103,688

Table 4: Top five source markets
Source: National Statistics Office

The length of stay decreased by 1.2 nights. (Table 5 hereunder).

Length of Stay						
	2006	**2007**	**2008**	**2009**	**2010**	**2011**
Average length of stay	9.5	8.9	8.5	8.4	8.3	8.3

Table 5: Length of Stay of Tourists in the Maltese Islands
Source: National Statistics Office

A drop in the average age of tourists visiting the Maltese islands. (Table 6 hereunder)

Age group:	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
0-24	151,895	188,429	219,240	200,525	270,678	286,034
25-44	402,298	449,647	465,128	431,887	458,058	448,542
45-64	465,683	493,578	482,614	430,147	458,759	502,717
65+	104,360	111,856	123,874	119,931	148,896	174,454

Table 6: Average Age (2006-2011)
Source: National Statistics Office

An increase in arrivals during the shoulder months resulting in a better seasonal spread. (Table 7 hereunder)

Tourism Arrivals November to April 2005/2006 November to April 2010-2011					
Nov05-Apr06	**Nov06-Apr07**	**Nov07-Apr08**	**Nov08-Apr09**	**Nov09-Apr10**	**Nov10-Apr11**
370,013	393,374	450,587	394,082	409,162	485,064

Table 7: Tourism Arrivals during the off-peak season
Source: National Statistics Office

The increase in Low Cost Carrier traffic which more than replaced the unavoidable drop in Charter traffic. (Table 8 hereunder)

Airline traffic 2006-2011						
	2006	**2007**	**2008**	**2009**	**2010**	**2011**
Pax	2,696,034	2,974,501	3,109,868	2,918,664	3,293,635	3,506,521
Seats	3,713,819	4,244,438	4,313,658	4,207,455	4,655,283	4,611,539

Table 8: Airline traffic (2006-2011)
Source: Malta International Airport

The net effect of these changes, when compared with the situation in 2006, is that Malta's tourism industry today is more diversified, less seasonal and less dependent on tour operator business and consequently much stronger today than it was five years ago.

Our tourism industry now faces a new set of challenges that require novel solutions which need to be implemented whilst heeding the lessons learnt and the achievements made over the past five years. This document lists these challenges and the policy responses that will be adopted to ensure that our industry continues to grow sustainably.

The International, European and National Policy Frameworks

According to the United Nations World Travel Organization (UNWTO), international arrivals in Europe will reach 738 million by 2030, which signifies a rate of increase of 2.5% from 2010. However, Europe's share of international arrivals will fall from 51% in 2010 to 41% in 2030. Currently, the Eurozone is in turmoil with governments seeking to establish stability and financial security. Demographic changes, including rapidly ageing populations, impact the growth of European tourism. Different crises, whatever their nature, have posed challenges for Europe's tourism and will continue to do so. Malta's tourism performance will depend on how swiftly we are able to adapt our actions and policy responses to international trends and crises situations.

Our tourism industry is highly influenced by the international scenario and particularly by what goes on in Europe, North Africa and the Mediterranean. The objectives and policies outlined in this policy document are intended to immediately respond and adapt to the global drivers of change in tourism. International tourism development in the future will be heavily influenced by these global drivers.

Economic Drivers	**Political Drivers**
Macro economic policies Deregulation/liberalisation in trade of goods and services Rising trade and investment Diffusion of information technology Increasingly dynamic private sectors Low cost tourism business models Debt management, financial stability sought, currency/Euro stability Competition New markets affecting the travel and tourism industry (e.g. emissions trading market).	International power Political stabilities and/or instabilities Changing regulations Security Regional and ethnic conflicts Networks.
Environmental Drivers	**Technological Drivers**
Climate change Air quality Natural resource depletion including loss of biodiversity and degradation of ecosystems Environment pollution Responsible consumerism Resource efficiency Waste management Integrated management of coastal zones Water and energy conservation Storm water collection Environment as a tourism attraction Increased environmental awareness and action.	Access to information and communication technologies Transportation Globalisation Innovation in tourism.

THE INTERNATIONAL, EUROPEAN AND NATIONAL POLICY FRAMEWORKS

Demographic Drivers	Social Drivers
Population and aging Increased impaired mobility or disabled Urbanisation Changing social structures Health Changing working patterns Gender Education.	Individualism Seeking a variety of experiences Self-improvement Seeking value for money Required customisation of the tourism offer Increased social and environmental awareness Safety conscious Higher expectations as travel possibilities increase.

Table 9: Global drivers of change in tourism

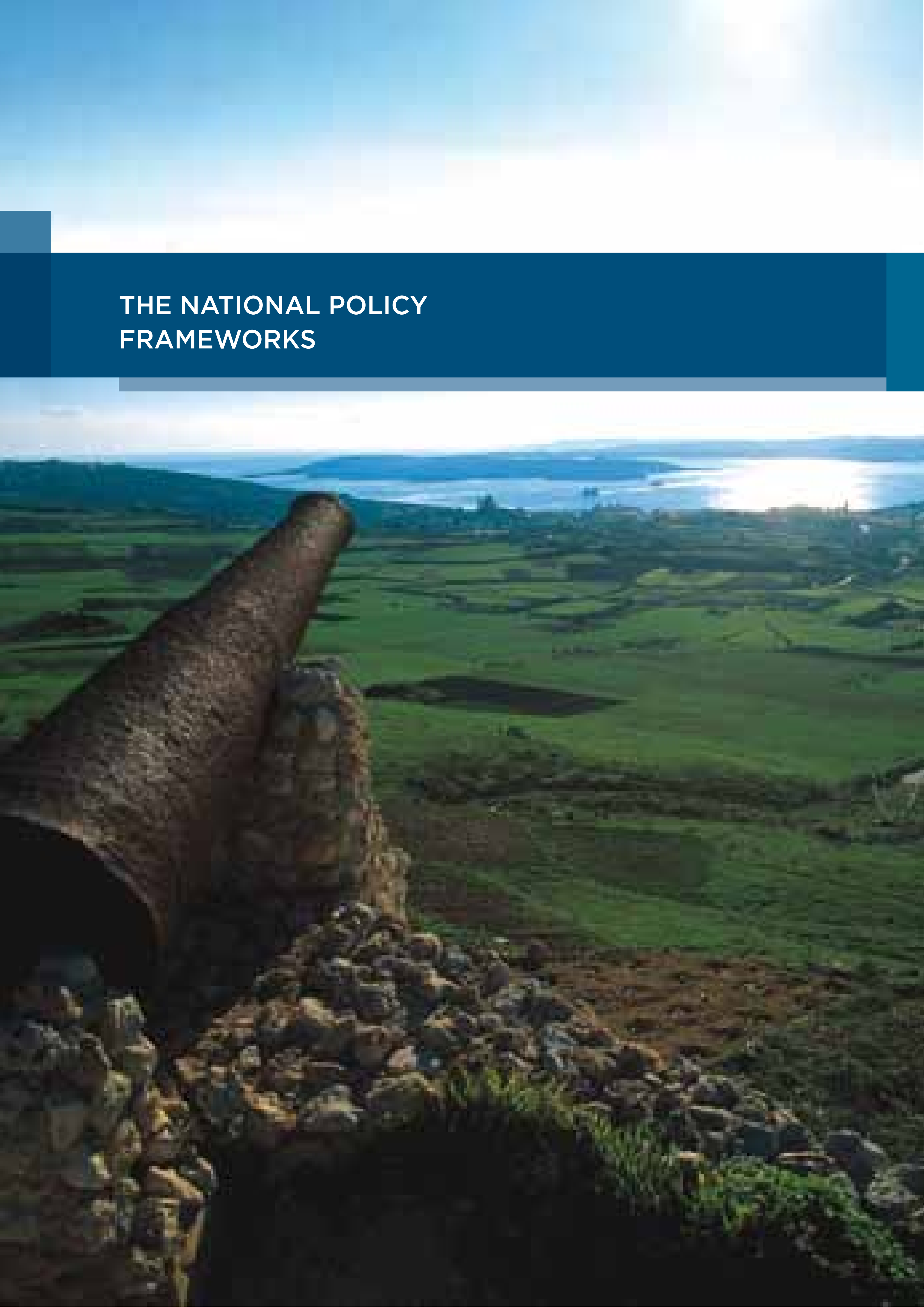
The European Union's Tourism Policy Framework

At a European level, Member States and the European Commission have agreed to strive to make Europe the most competitive tourism destination. A number of actions at an EU level have been identified and focus mainly on:

- stimulating competitiveness in the European tourism sector;
- promoting the development of sustainable, responsible and high-quality tourism;
- consolidating the image and profile of Europe as a collection of sustainable and high-quality tourist destinations; and,
- maximising the potential of EU financial policies and instruments for developing tourism.

Malta will remain active in its participation in EU discussions on tourism strategy and in the implementation of a number of identified actions, particularly those, most relevant to our destination. We consider the initiatives undertaken at a European level as opportunities supporting our tourism activity, both at a national and at a commercial level.

THE NATIONAL POLICY FRAMEWORKS



The National Policy Frameworks

This tourism policy exists within the country's overall economic, environmental and social strategic framework. The National Reform Programme defines the economic and social objectives whilst the National Environment Policy defines environmental objectives. There are other policies which have influenced, will influence or will be influenced by this tourism policy. These include, amongst others, the Strategic Plan for Environment and Development, the Climate Change Strategy, the measures outlined in the National Environment Policy and the Creative Economy Strategy.

POLICY RESPONSES

We will ensure that tourism remains a mainstay on the national agenda and that it is taken into account in all major policy formulation exercises.

We will keep the economic situation in our source markets under constant review. We will take corrective action to counteract any drop in business from any source market or niche market. As already happened in the past, we will do so by drawing on the experience of the local tourism stakeholders.

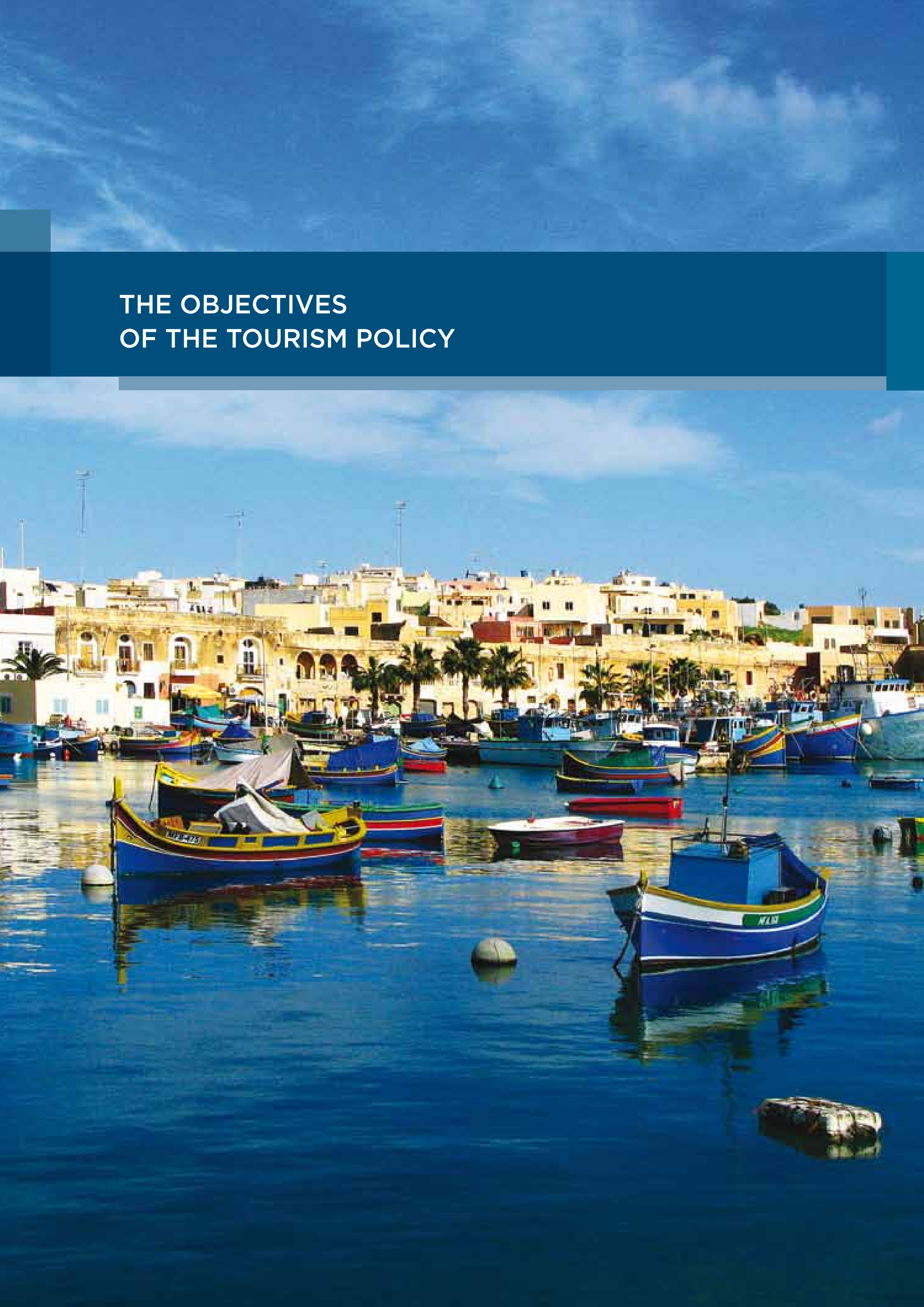
We will push the tourism agenda in the multinational fora particularly in the relevant European Union fora.

We will play an active part in the development and implementation of European Union tourism policies and action plans.

We will keep abreast of technological developments that could impact our tourism performance.

We will ensure that Malta makes use of the latest technology to facilitate further growth in the industry and to help local businesses remain competitive.

THE OBJECTIVES OF THE TOURISM POLICY



The Objectives of the Tourism Policy

Economic Goals

We want tourism to:

- Remain a fair, robust and widespread economic activity;
- Sustain existing jobs and creating more sustainable all-year round jobs;
- Increase foreign income and value-added into our economy;
- Provide a fair return on investment to private investment;
- Contribute to public finances;
- Sustain air links between Malta and other countries;
- Deliver economic growth in Gozo;
- Sustain the contribution of tourism to the economy.

Environmental Goals

The quality of the environment, both natural and man-made, is essential to safeguard sustainable tourism and to maintain the attractiveness of Malta and Gozo. Evidently, a destination's competitiveness is increasingly dependent on the quality of its environment. Tourism's relationship with the environment is rather sensitive as the industry itself runs the risk of having a number of activities that lead to adverse environmental effects.

- We will ensure that tourism and the environment not only co-exist but actually complement each other and contribute to each other's well-being;
- We will give added value to built and natural heritage thereby ensuring their protection;
- We will achieve a better quality of life in our urban areas (including through improving aesthetics) as this has a major influence on the quality of the tourist experience;
- We will minimise resource use and contribute to a low-carbon, eco-efficient and resource efficient economy;
- We will monitor the tourism industry and take necessary measures to mitigate pollution and to reduce the negative impacts on the environment, especially on rich biodiversity and ecologically sensitive areas such as protected areas. Tourism activities are to be in line with the area management plans that are currently being developed as well as permits and regulations established by MEPA.

Social Goals

Tourism was and remains a main driver of social change in Malta. It connects Malta to other countries and reduces our insularity. We want tourism to continue to be a bridge whilst ensuring however that we do not lose our defining characteristics. We therefore want:

- To have a trained and multi-tasked workforce that contributes to and enjoys a fair return from sustainable economic activity;
- To provide a forum for the exchange and sharing of ideas and cultural attitudes, which remains an essential ingredient for future economic growth and social development;
- To protect and conserve local craft and traditions and enhance Malta's intangible cultural sector;
- To manage tourism growth and change within the limits of what is socially tolerated and acceptable.

The above listed goals will be monitored also through an indicator system.

Quantitative and Qualitative Objectives

Tourism is a numbers game, and thus essentially about quantity, within a quality structure and framework.

Increasing Tourism Numbers - Going for growth in the winter and shoulder months

The current stock of 45,000 beds, the airlines that operate to Malta, as well as the thousands of restaurants, retail outlets and business enterprises which rely mainly on the tourist trade and the thousands of people engaged in this sector or who are dependant on tourism activity demand that current levels of tourism numbers are maintained if not increased somewhat. There is little room or scope for increase during the summer months. However, as far as hotel occupancy levels and airline seat-load factors are concerned, there is still room for improvement during the winter and shoulder months.

POLICY RESPONSES

Our aim is to push for more growth in the winter and shoulder months while consolidating business in the summer months. Schemes such as the joint-marketing scheme and the public sector conference incentive scheme which proved effective in generating winter traffic and which contributed to the increase in winter business will continue to be implemented.

We will monitor the frequencies on all scheduled routes operating to Malta to ensure that the right balance between supply and demand side is maintained. We will adapt our marketing efforts to encourage increased frequencies in routes which are under-served and decrease our efforts in areas which are over-served.

We will work to increase winter and shoulder business by developing Malta as a city-break destination. We will do so by identifying the source markets that have the highest potential for delivering business in the winter, developing the right product mix for these source markets and then to work with airlines to ensure all-year round accessibility to these source markets at favourable prices.

As developments take place and scenarios are formulated, we will continue our efforts to maintain seat capacities with the aim of further increasing accessibility to Malta. We will continue our initiatives to complement those of airlines, tour operators and other tourism operators to increase load factors.

What sort of tourist do we want to attract?

A pertinent question this policy needs to ask right from the outset is precisely what kind of tourist do we want to attract? The standard reply to such a question is that we need to attract better quality tourists, which then begs the question: what constitutes a ‘better-quality tourist’? Seen in this context, better quality can only mean a tourist that helps us achieve our sustainable development goals. It can also mean a higher spending tourist but the two concepts are not interdependent. A higher spending tourist is not always necessarily a better

quality tourist and a better quality tourist does not necessary imply a tourist who spends more money. Surveys show that a number of visitors are willing to spend more particularly if existing product offerings and services are improved and new ones are introduced. Offering additional opportunities to spend will stimulate increased spending by our visiting tourists.

To attain our over-arching goals we need:

1. Tourists that come from a spread of countries, thereby strengthening the robustness of the industry against the advent of an economic failing in any one source market;
2. A mix of tourists that will make use of the spectrum of the niche offerings and products that our country offers;
3. Tourists that will respect Malta's uniquely constructed (from temples to hotels) natural (from marine to terrestrial) and intangible (from local customs to quality labels) heritage ; and lastly,
4. Tourists that have the propensity and resources to spend more.

Source Markets

With seventy five direct scheduled connections, Malta is already well-served to all the main catchment areas and to most of the secondary catchment areas in Europe. Europe will remain Malta's main tourist source provider. The mix of the main source countries will remain unchanged with the UK, Italy, France and Germany providing the lion's share of the business each providing in excess of 100,000 tourists, bringing about the need for more than two daily flight connections. Spain, Ireland, Scandinavia and the Benelux countries will be secondary source markets averaging 50K to 100K tourists, therefore requiring anything from a daily to a twice daily operation. Israel, Austria and Switzerland will each continue to provide over twenty thousand tourists, thereby necessitating a twice weekly flight operation.

POLICY RESPONSES

We will monitor the performance of the primary, secondary and tertiary source markets on a regular and weekly basis in order to be able to take quick effective remedial action in case of under-performance.

There is room for increased flight operations from Poland and Baltic States. For instance the Polish economy is predicted to become one of the fastest growing in Europe over the next few years. It is reputed to have a booming middle class with an appetite for travel and therefore has the potential to become a secondary source market for Malta. Malta's mild winter climate is of particular appeal to the average Polish traveller.

POLICY RESPONSES

We will encourage airlines to increase direct all-year round flight connections between Malta and Poland. We will strengthen our marketing efforts in Malta, targeting specifically winter tourism.

The emerging economies of the so called BRIC countries (Brazil, Russia, India and China) also present a challenging opportunity for growth. Malta has direct connections with Russia. The market share of Russian tourists is relatively low and the potential exists for establishing Russia as a secondary market.

POLICY RESPONSES

We will increase the number of tourist arrivals from Russia by encouraging airlines, particularly Air Malta, to increase connectivity and strengthening our marketing presence in this country and by communicating the relaxation and safety characteristics of the Maltese Islans. Moreover, we will facilitate the issuance of VISAS for Russian tourists travelling to Malta, in line with our international obligations, thereby.

There are no direct connections to China, Brazil and India. The Emirates daily route to Dubai provides a good base for connecting Malta to Eastern destinations including China and India. China is predicted to become one of the most important providers of tourists to Europe in the coming years. It has the potential of becoming a tertiary market for Malta. Brazil has a growing middle class and is a good source market for EFL (English as a foreign language) business. However, for this potential to be realised, we need to establish a connection through one of the main legacy carriers.

POLICY RESPONSES

We will work with the Chinese tourism authorities and the legacy carriers that link Malta to China to establish and put into effect a strategy for growing tourism numbers from China. Government will ensure that the VISA issuing system in China will support the realisation of this strategy. The MTA will strengthen its marketing presence in this country.

The Malta Tourism Authority will engage in discussions with legacy carriers to identify ways in which their business operations to Malta can be consolidated, and where possible, strengthened.

This policy document is being released at a time when Air Malta is facing a particularly difficult period. The national air carrier is undergoing a restructuring programme aimed at ensuring its long term viability. As a result of this restructuring, Air Malta will be reducing some of its operations by leasing at least two or three of its aircrafts, representing up to 25% of its fleet. This reduction is bound to have an impact on Malta's accessibility. The extent of this impact depends on the amount and nature of the routes that will be axed. The importance of Air Malta's survival for our tourism industry is paramount. It currently carries around 55% of the tourism traffic to Malta. It is an essential and reliable link to Europe's main hubs, the main carrier for cargo and provides a product that meets the requirements of certain segments of our tourism mix, most notably the conference and incentive business.

POLICY RESPONSES

Air Malta, the destination's flag carrier, is to retain a fundamental role towards providing an extended network of accessibility in line with the destination's tourism policy by servicing various tourism source markets. The national airline's long-term viability is critical for it to execute such a role. The collaboration of Air Malta with all tourism stakeholders shall be encouraged as Air Malta plays an important part in maintaining all year round accessibility. To this effect all efforts shall be made towards promoting Malta in the shoulder months so as to ensure the year round viabilty of the airline and the industry as a whole. The teaming up with tour operators, niche operators whilst tapping on the growing market of independent travellers will be actively encouraged.

The Malta Tourism Authority and Air Malta will hold regular discussions and will seek to strengthen business prospects. Both entities shall co-ordinate their efforts to push forward strategic decisions which stimulate travel opportunities to Malta and Gozo and seek ways of building synergies in this regard. They shall both aim to implement their respective plans with an ultimate view to maximise nationwide growth.

The Malta Tourism Authority and Air Malta will work together to ensure that the advertising policies of the national marketing agency and those of the national carrier are in total sync especially in catchment areas which are solely or primarily serviced by Air Malta.

NICHE MARKETS

Niche Markets

All the segments identified in the previous tourism policy, namely: Sun and Sea, Meetings Incentives Conferences and Entertainment (MICE), Learning English as a Foreign Language, Culture, Gozo holidays and Sports and Cruise continued to operate and to varying degrees saw their business grow as a result of overall increase in business during the lifespan of the previous policy (see Table 10 hereunder). During this period, the Malta Tourism Authority also undertook measures to promote health and spa tourism as a niche market. Although the results are positive, in that Malta has started to get this type of business, the numbers are not sufficient enough to consider this business as a niche market.

Tourist Departures By Segment					
	2007	**2008**	**2009**	**2010**	**2011**
Winter/Summer Fun	757,909	783,857	691,517	787,021	841,529
Culture & Heritage	158,185	156,000	166,890	175,400	184,520
Diving	58,100	52,200	62,760	64,300	73,770
Other Sports	32,990	35,400	15,308	17,900	14,400
English Language Learning	83,952	83,288	68,918	72,695	69,297
VFR	53,558	67,679	67,728	101,697	98,764
Other (Libya Evacuees)	N/A	N/A	N/A	N/A	13,155
Holiday	1,144,694	1,178,424	1,073,121	1,219,013	1,295,435
Business	98,814	112,431	109,368	117,377	116,326
of which: Conference and Incentive travel	61,200	70,000	54,200	73,000	80,000
Total	1,243,508	1,290,855	1,182,489	1,336,390	1,411,748

Table 10: Tourist Departures by Segment (2006-2011)
Source: MTA estimates

POLICY RESPONSES

Malta's tourism offering will continue to be based on the segments identified in the previous policy.

The MTA will work with the relevant stakeholders to develop a marketing and product plan for each segment, where such plans do not already exist, and identify product gaps based on research and market potential. The MTA will encourage investment in, and where possible carry out, projects that target these product gaps. These plans will take into account the issue of saturation that may be facing some of the niche markets and that needs to be addressed.

Sports

Malta's mild winter climate makes it an ideal destination for training camps and tournaments in the winter and shoulder months. Other sport tourism activities which offer opportunities for growth include climbing tourism, cycling tourism, water sports, beach volley tournaments in off-peak season, billiard tournaments, trekking and related initiatives such as geo-caching, amongst others. Government has invested hugely in yacht marinas in the last years. The MTA will continue with its efforts to promote Malta as a yachting destination seeking ways of linking up with Sicily and Tunisia for yachting routes. Our potential is nevertheless limited by the lack of sporting facilities even if substantial investment has been made in the past years in this area. This investment has been instrumental in meeting local demand but further investment can help create spare capacity which in turn can be used by foreign sports associations holding training camps in Malta. Further investment in natural turf which is currently limited in supply would contribute to attract international football training camps and thus this could increase the growth of the sports tourism niche market. Sports tourism generates a demand for a particular type of accommodation, namely the dormitory type, which is not available in Malta. Due to these shortages in the supply side, the MTA has held back from increasing its marketing efforts to attract sports tourism to Malta. Government has announced a number of projects in the sports sector which projects will address the shortage on the supply side. This will pave the way for a more active role by MTA in promoting sports tourism to Malta. The investment in sports facilities should also help instil a greater interest in this niche tourism amongst local hoteliers and tour operators.

POLICY RESPONSES

The MTA will support local Sports Associations in their efforts to attract foreign sports teams to carry out training camps or hold tournaments in Malta. The MTA will seek the co-operation of the MIA, airlines and other tourism stakeholders to set up a scheme for this purpose. The scheme will support international sport camps and tournaments taking place in Malta during the shoulder and winter months.

The MTA will consider issuing a special license for dormitories in schools and colleges to be used for accommodation purpose by travelling sports teams participating in local tournaments. Dormitories will be licensed to host sport and educational groups which usually seek this type of accommodation rather than other forms of collective accommodation.

MTA will work closer with tour operators that specialize in sports tourism and offer them logistical and marketing support. Budgets permitting, the MTA will increase its presence at sports focused and general tourism fairs.

The MTA will organise seminars and networking initiatives aimed at bringing together local sport associations and the tourism key stakeholders, to encourage cooperation and the establishment of an operating system with benefits to all concerned.

In seeking to develop the identified sports markets we will support the use of existing sports facilities.

Efforts will be undertaken to extend existing/current training programmes for athletes and sport enthusiasts also with those entrepreneurs, managers and event organizers who are willing to specialize on sports tourism by attracting training camps and other sport tourism activities to Malta and Gozo.

MICE – Meetings, Incentives, Conferences and Events

The conference and incentives business in Malta has grown as has the investment by local stakeholders in this sector. Malta has an array of facilities that makes it capable of holding anything from small meetings to large conferences with over five thousand delegates. During the lifespan of the previous tourism policy, Malta managed to attract a handful of large conferences. The positive effect these large events yielded, warrants the development and implementation of a focused strategy that would secure us at least one such large conference every year. MICE tourists have the highest daily average spending capacity making this sector a very competitive one. The recession of 2009 resulted in a massive slowdown in this sector with firms cancelling international conferences. In the wake of this slowdown, government introduced a scheme to attract public sector conferences. This scheme was highly successful and managed to generate over 30,000 bed nights during 2009, prompting the government to extend the scheme even beyond that year. Connectivity remains key in this sector and even though accessibility to Malta has improved drastically over the past years, there is always room for better flight connections in the winter time from certain regions, particularly from Spain and Scandinavia. Direct links with the USA, a lucrative market in this segment, remains a challenge. Malta can make more and better use of its unique locations for the hosting of conference and incentive meetings. In order to capture conferences hailing from the pharmaceutical sector, which due to international ethics standards, seek four-star accommodation, some of Malta's destination competitors have resorted to downgrading some of their five-star hotels to four-star. The local accommodation sector has not been proactive in tapping the opportunities arising from conferences organised by the pharmaceutical sector. Government also has the potential to attract small scale conferences on specific themes particularly those relating to the markets identified in the Gozo section (Refer to page 84). It should look into ways of how best to address the situation. Investment and extended facilities by the various hotel star categories are critical tools enabling the industry to cater more effectively for this market.

POLICY RESPONSES

The MTA will develop a scheme targeting very large conferences.

The MTA will work closely with Air Malta and other airlines to address the needs of this segment. In the case of large conferences, the MTA if required will liaise with the national carrier to facilitate a deal that will make commercial sense to both the conference organisers and the national carrier.

The MTA will work with government agencies and private entrepreneurs to develop a code of good practise for the use of public buildings and spaces. This practise will facilitate access allowing for better and more frequent use of public buildings for international conferences and events.

The MTA will develop a marketing campaign with interested four-star properties so as to target the pharmaceutical sector.

Government is extending the scheme targeting public sector and NGO conferences in 2013.

Government will explore more ways of promoting and incentivising international conferences to be organised in Gozo.

MTA will spearhead along with the private sector the setting up of a Convention Bureau.

Cruise Tourism

Malta's cruise business took off in earnest with the setting up of the Valletta Cruise Port in 2001. Cruise passengers are proving to be a good source of business for the islands. Passengers travelling to Malta on a cruise liner get a glimpse of the island which could entice them to return as tourists. As of next year, Malta will have a second cruise terminal operator. The increased competition coupled with the projected growth of cruise business in the Mediterranean point to continued improved performance in this sector. The cruise liner business in 2011 registered a record number of 556,564[3] passengers coming to Malta on board cruise ships. This registers an increase of 13.3% or 65,363 more passengers when compared to the previous year. During 2011, TUI Cruises used Malta as a home port. This was a first for Malta. It was enormously successful to the extent that TUI Cruises extended the venture till 2013. Around 10% (circa 300 every week) of the home-porting passengers stayed overnight in Malta, transforming them from passengers into tourists. It is estimated that this number will increase over the next two years. Malta's location in the middle of the Mediterranean makes it ideal for inclusion in both the Eastern and Western Mediterranean cruises. It could potentially also be factored into central Mediterranean cruises if such are developed in future. The port facilities over the coming years are going to be updated to allow for larger cruise ships. The advent of large ships necessitates even more careful on-shore planning to avoid congestion and over-crowding in attractions such as Mdina and the Grand Masters Palace. Overcrowding impacts negatively on the quality of the visitor experience and therefore has to be avoided.

[3] Year 2011 Actual figure by NSO as at 02.02.12

POLICY RESPONSES

We will showcase the Maltese Islands as an ideal destination for cruise companies looking for a unique Mediterranean stop as part of their itinerary.

We will promote Malta as a tourism destination amongst cruise passengers.

We will promote Home Port opportunities on the new Cruise web page on the MTA portal highlighting Malta's advantages, namely: our proximity to Europe – short flights from EU cities; the short driving distance between Malta International Airport and the Cruise Terminal; our competitive accommodation offer; our multi-lingual skills; and, the short distances between local sites/ entertainment/historical & cultural interests and to the sister Island of Gozo.

We will promote the Maltese Islands' strategic position in central Mediterranean, creating realistic opportunity for Liners to offer Western, Eastern and even Southern Itineraries.

Initiatives will be undertaken over the coming years to maximize the possibility of accommodating larger vessels possibly also in new areas such as Marsaxlokk Harbour where cruise passengers can discover towns and villages in the Southern region, enjoying the unique and rural sights and characteristics of these localities. Such initiatives should not impact negatively the ecological and chemical water quality.

It is our policy to facilitate boutique cruising to Gozo targeting high value added tourists and to attract small and medium sized cruise ships as long as these do not pose any conflicts with the existing berthing facilities that are situated in Gozo and respect environmental legislation.

Historical & Cultural Segment

Malta's rich cultural heritage, which includes three World Heritage Sites together with our cultural scene is becoming increasingly well known abroad. During the lifespan of this policy, Malta will have a unique opportunity to showcase its heritage and culture in 2018 since the Valletta 2018 Foundation has submitted an official application to the Managing Authority responsible for the European Capital of Culture. Malta is therefore a candidate in the prospective hosting of this event. While sites such as St John's Co Cathedral and the Grand Master's Palace still manage to attract large visitor numbers, other heritage sites are not living up to their potential. There is certainly scope for increasing visitor numbers in certain sites and in re-visiting the kind of experience that is being offered. The projects underway together with those being proposed in the cultural heritage sector present a strong marketing opportunity that could serve to attract more cultural tourists to Malta.

POLICY RESPONSES

Culture is undoubtedly a key asset for the Maltese Islands. We will continue to focus on our cultural offering as it contributes to attract tourists who are interested in heritage, in our local traditions, in contemporary art and creativity and in all those spheres that create cultural distinctiveness for the Maltese islands. We will consolidate promotional and marketing efforts on culture in order to increase the share of tourists who choose to visit Malta and Gozo during the shoulder months.

We will promote Valletta and the Harbour Area as a short-break cultural destination by:

- Creating a dedicated Valletta Website;
- Producing a special Valletta Harbour Area brochure;
- Promoting sea transport between Valletta and the Three Cities;
- Promoting the Renzo Piano project in Valletta;
- Promoting the restoration of 6 kms of Fortifications; and,
- Promoting Valletta as the European Cultural Capital 2018.

We will promote the other UNESCO World Heritage Sites by:

- Promoting Malta's temple period;
- Promoting the architectural innovations Ħaġar Qim, Mnajdra and Tarxien Temples
- Creating a prehistoric heritage itinerary (the museum of archaeology, Ħaġar Qim and Mnajdra Park, Tarxien and Ħal-Saflieni Hypogeum, Mġarr Temples in Malta, Ġgantija temples in Xagħra , Gozo); and,
- Promote the Hypogeum as a unique site in the Mediterranean.

We will promote Cultural Trails linking Malta to other European destinations such as the Phoenician presence in Malta (Tas-Silġ/Marsaxlokk), the early Christian presence in Malta (Catacombs in Rabat, Mosta and the city of Mdina), the Caravaggio Trail (Valletta/ Vittoriosa and link it to other cities where Caravaggio worked (Rome, Naples and Sicily) using iPhone applications.

We will promote Malta's cultural events and activities by:

- Further developing the MTA website to promote Malta as a vibrant cultural destination offering a varied calendar of events all year round;
- Promoting the traditional and contemporary versatile cultural productions – theatre, festivals, performance and visual arts as well as our intangible heritage through an enhanced MTA website;
- Promoting the Opera Seasons in both Malta (Teatru Manoel, Valletta - March) and in Gozo (Teatru Aurora, Teatru Astra, Victoria – October) through specialised Tour Operators;

- Encouraging Tour Operators to include the following events within their group programmes (Carnival, Birgufest, Mdina Festival, Notte Bianca);
- Promoting the Malta Music Week (featuring the Isle of MTV), the Malta Arts Festival and the Jazz Festival with tour operators and airlines; and,
- Promoting works of contemporary art, fashion, design and creativity and attracting tourists who are interested in the creative and artistic side that Malta and Gozo has to offer.

We will support the EU initiative for the setting up of an e-cultural calendar for Europe, ensuring that Malta features in such calendar in the best possible manner.

We will promote Malta through Gastronomy by:
- Promoting Mediterranean Cuisine in Malta and Gozo;
- Promoting Village Cores (Traditional bakers, wine sellers, farmhouses);
- Promoting Village Festivals (Qormi Bread Festival, Marsaxlokk Fish Festival, Mġarr Strawberry Festival, Ħamrun Chocolate Festival);
- Promoting Wine Festivals; and,
- Promoting various traditional and typical foods produced during particular festive seasons such as Carnival, Easter, Christmas and Imnarja.

We will promote Malta as a Pilgrimage Destination by:
- Promoting Malta as a Sacred Island – (prehistory to modern times);
- The importance of the Goddess of Fertility Cult in prehistoric Malta and Gozo;
- Creating an itinerary for St Paul's Cult in Malta (Rabat, Mdina, Valletta, San Pawl Milqi, St Paul's Islands);
- Promoting traditional feasts (St Paul's Shipwreck, Easter Week);
- Promoting Malta and Gozo as unique pilgrimage experiences - Mellieħa (The sanctuary of Our Lady of Mellieħa); Ta' Pinu Sanctuary, Gharb, Victoria Cathedral, Basilica of St George, Victoria, Xewkija, Rotunda);
- Promoting village feasts in Malta and Gozo; and,
- Promoting the valuable richness, the art masterpieces that are situated in chapels, churches, basilicas and cathedrals.

English Language Teaching

Malta has established itself as one of the main centres for learning English as a foreign language (EFL). Although this segment market peaks in the early summer months, when Malta attracts a high number of younger students, it nevertheless continues to operate on a year round basis, attracting a more mature patronage during the winter and shoulder months. There is certainly scope for building on our success in this sector by increasing the winter EFL business. There is also scope for the private sector to invest in attracting corporate English clients by focusing on training courses that relate to business English communication skills. On the other hand we need to ensure that our infrastructure and legislation is well geared to cater for the influx of young students in summer. This segment could be a magnet for attracting tourism from three of the BRIC countries, namely China, Brazil and Russia.

POLICY RESPONSES

We will push for further growth in EFL business in the winter and shoulder months by:

- **Liaisoning with the appropriate educational partners to help in the promotion of initiatives and language policies aimed at further enhancing English proficiency in Malta, with the aim of supporting the growth of the TEFL sector and also in order to protect and maintain the advantage that such proficiency confers in attracting tourism to Malta;**
- **Promoting Malta's potential independently of and combined with the Learning English bonus extra – i.e. that you can learn English and so much more;**
- **Highlighting Malta's winter attributes (favourable climate, great walking spots, a varied calendar of events, competitive accommodation);**
- **Promoting the Islands as a destination for teacher training courses and corporate English clients;**
- **Assisting the local industry in their own initiatives in targeting agents;**
- **Increasing online exposure for this sector;**
- **Work with the private sector to ensure there are sufficient product offerings to meet the needs of this market, including accommodation; and,**
- **Encouraging more local families to host foreign students. We will endeavour to improve the level of service offered by host families to foreign students by ensuring that families offering such services are trained and properly equipped.**

We will promote Malta as an EFL centre in new growth markets – particularly in China, Japan, Brazil and Turkey by:

- **Participating in more workshops;**
- **Creating an awareness of our product offer in these source markets;**
- **Producing promotional material in all the respective languages;**
- **Providing Websites (mirror visitmalta.com) in the respective languages;**
- **Working jointly with members in the industry already targeting such markets;**
- **Ensuring that local service providers adapt to the new market requirements, providing the necessary assistance and training where necessary;**
- **Budget permitting increasing participation in fairs and organisation of familiarisation trips; and,**
- **Promoting the experience that collaboration between niche markets such as EFL, diving, sailing and culture, can offer.**

Diving

Malta is increasingly forging a reputation as an unbeatable diving destination. The Government, the Malta Tourism Authority (MTA) as well as private stakeholders continue to invest in this business, which has resulted in considerable infrastructural improvements in support of this activity. The fact that Malta now treats all its liquid effluent before dispersion into the sea has helped to radically improve the quality of our sea water. The wrecks scuttled by MTA have developed into artificial reefs enriching the diving experience in Malta. The MTA, in conjunction with the private sector, is currently investing in the development of a public aquarium which will showcase the natural and cultural heritage that one can find in and around the Maltese islands. The MTA has carried out on-shore interventions to facilitate access by divers into the sea. However a number of upgrading works still need to be undertaken. The MTA also prepared two diving master plans, one for Malta and one for Gozo. These plans include a series of actions that need to be adopted in order to improve the divers' experience in Maltese waters.

Government also designated a number of Marine Protected Areas (MPA's) and conservation areas for wrecks, where human activities such as sport fishing and diving may be controlled in the interest of conserving vulnerable marine ecosystems and rare and/or threatened species and any cultural or historical resources that may require preservation or management. Greater understanding and appreciation is needed from tourists and locals about the fragile marine ecosystems we are surrounded with. There is higher scope for better interpretation of our marine environment which can provide tourists with a much improved informative and aesthetic experience of Malta's marine biodiversity and which adds value to their stay in Malta. Better protection will lead to a richer marine biodiversity in our territorial waters which in turn will help ensure a more sustainable diving industry.

In 2010 around 57, 000 diving tourists were attracted to the Maltese Islands. A number of interesting dive sites have during these years been voted as top European dive sites and these include the Blue Hole at Dwejra amongst others. Whilst capitalising on the importance of such sites, it is nonetheless important to give due consideration to the impacts of marine tourist attractions on the marine environment.

POLICY RESPONSES

We will aim to increase the number of divers visiting our shores annually by:

- **Promoting the islands as an all year round destination boosting the cleanest bathing water in the Mediterranean;**
- **Showcasing the rich natural and cultural heritage of our waters;**
- **Promoting the Malta National Aquarium as a showcase of Malta's rich underwater heritage;**
- **Promoting diving in Malta in non-dive specialised media; and,**
- **Increasing our participation in dive shows.**

We will continue upgrading our product offering by:

- **Enforcing the legislation governing the industry;**
- **Improving foreshore accessibility;**
- **Exploring the possibilities to increase the number of wrecks; and,**

- **Implementing the measures contemplated in the Malta diving master plan which was subjected to Appropriate Appraisal in terms of Regulation 19 of Legal Notice 311 of 2006, transposing the EU Habitats Directive.**

We will continue to prioritize on key measures related to coastal areas such as the awarding of Blue Flag beaches, the maintenance of coastal tourism zones and exploring the possibilities of increasing the number of shipwrecks which can act as attractions for diving tourists.

We will develop management plans for landbased and marine Natura 2000 sites in order to protect biodiversity and ecosystems, to acquire international recognition for these sites and also to guarantee an enriching experience for tourists.

Emerging Niche Markets

Malta has over the years managed to develop and to attract tourists for what are now established niche markets each generating at least 50,000 tourists a year. There are other niche markets which offer Malta the possibility to develop or present a diverse tourism product/experience to satisfy these growing niche markets and these include social tourism, photography tourism, attracting artists, birding (especially during migrations of the birds of prey in April and September/October), rural tourism and architecture tourism among others.

POLICY RESPONSES

We will explore and study these growing markets and take initiatives to instigate developments and encourage operators to delve into these markets.

Building inter-linkages for increased business opportunities

The niche markets Malta is looking at and developing can be inter-linked to offer enhanced visitor experiences and business opportunities to the industry possibly resulting in increased competitiveness.

POLICY RESPONSES

We will encourage the private sector to identify possible synergies across the different niche markets. MTA will promote such experiences in our source markets. To support such synergies efforts will be made to convert existing facilities to become more flexible allowing multiuse that meet the requirements of niche markets. The upkeep and maintenance of such facilities should be allowed due attention.

TOURISM PRODUCT

Tourism Product

Malta's tourism product is diverse both in its composition and its appeal, from churches to clubs, beaches to World Heritage Sites. Malta has something to offer to everyone including the young and old, the connoisseur, intellectual, historian, hippie, beach-bum or the party-goer. We are essentially a Mediterranean island. Our geography defines us, our history shapes us. We have a rich cultural heritage and a unique natural landscape.

Our tourism product covers the whole spectrum of goods and services that the tourist comes into contact with during his/her stay in Malta. This policy will focus on the most important aspects of this product, namely the accommodation and catering sector, land and sea based transport, visitor attractions and the gateways into Malta i.e. the Malta International Airport (MIA) and the Cruise Passenger Terminals.

This policy recognises that product rejuvenation is an integral element of the life cycle of a tourism destination which enables the destination to retain its competing edge. In this regard, a number of projects are taking place by Government and will continue progressing during next years to enable an effective re-launch and regeneration process for various localities in Malta and Gozo. Bugibba is a central tourism zone in the Maltese Islands which hosts and attracts hundred thousands of tourists on a year to year basis. Government will continue to tackle the product fatigue factor by bolstering investment in the locality and in the surrounding vicinity through key projects such as the promenade project at St. Paul's Bay, the Salini project, the creation of a perched beach in Bugibba and the current development of a marine attraction at Qawra. Government's investment needs to be complemented by private sector investment. This policy identifies that there is higher scope and diversification potential for both the Northern part and for the Southern part of the Maltese Islands. It aims to mitigate the seasonality problem by creating higher inter-linkages that can enable tourists to appreciate the distinctive potential that emerges across all the localities in Malta, from Mellieħa to Buġibba to Marsaxlokk. The Southern part of the Maltese Islands is also at the heart of the visitor experience mainly due to the historic and yet contemporary value of these localities. Priority is driven towards achieving a regeneration process which in turn acts to enhance the eclectic tourism potential of key localities such as Cottonera, Birgu, Bormla, Żejtun, Żurrieq, Qrendi, Siġġiewi, Ħal Tarxien and Birżebbuġia, amongst others.

As important as the tangible side of our product may be, we also need to focus intently on what needs to be done to improve the soft side of our offering. This policy will look at two sides of Malta's intangible product offering: the service aspect and its calendar of events.

POLICY RESPONSES

We will continue to undertake projects which aim at rejuvenating elements in our product offer. We will also work with all stakeholders to secure the highest standards of products and improve aesthetics.

In line with the National Environment Policy, we will ensure town centre management by continuing to set up the required structures and maintain co-ordination efforts to ensure management and maintanenance of key tourism areas.

Getting into Malta

The Maltese Islands can be accessed from two main gateways. Either by air through Malta National Airport or by sea through the cruise terminal at the Grand Harbour.

Airport Analysis (2006-2011)

Malta is well connected to the Mediterranean, to the rest of Europe and North Africa. All flights arrive and depart from the Malta International Airport plc (MIA) which serves the whole Maltese Archipelago. The MIA's vision is one aimed at sustaining commitment towards service quality, remarkable efficiency and outstanding facilities, making it a top airport in its class and acting as Malta's dynamic link to the world. In 2010 MIA won the Aviation Council International (ACI) EUROPE Best Airport Award 2010: up to 5 million passengers category, as well as the Best Airport in Europe across all categories in the ACI Airport Service Quality Survey. During that same year, Passenger Terminal World, the industry's leading international publication and review of airport design, technology, security and management operations, also awarded MIA the title of Most Noteworthy Airport for a New Small Budget Programme. MIA is classified among the top 15 airports worldwide, rubbing shoulders with Dubai, Brussels, San Francisco, Stockholm, Heathrow (UK), Changi (Singapore), Barcelona and Vienna. The MIA constantly achieves high levels of satisfaction in the surveys carried out the by the MTA. There have also been discussions among stakeholders, for the possible creation of a superior business class tier, which may see the re-use and revamping of part of the old terminal building if space becomes an issue within the existing terminal.

To remain competitive and continually better the airport infrastructure, airports must invest both in aviation and in non-aviation related facilities. To recover the aeronautical infrastructural costs, airports invariably impose charges on airlines. Such charges are absorbed by the airlines and factored into their direct operating cost base. Airport charges play a strategic role in determining where airlines will operate to and from. In the case of the Malta International Airport, these charges include landing, aircraft parking, passenger service, security and iMUSE system charges. Airlines normally transfer such charges onto the passenger via a fee or charge incorporated into the price of the ticket. These charges and fees are influential on any airlines' demand for Malta and ultimately (as a result of the charge applied on the air ticket) on the demand of potential travellers to and from Malta. These charges also influence the viability and operations of Malta's flag carrier and of other airlines operating to and from Malta. Over the years, Air Malta has been, Malta International Airport's main client operating around 16,000 flights a year, alongside a mix of other airlines.

The number of passengers which were registered at the Malta International Airport increased gradually by 22% from around 2.69 million passengers in 2006 to approximately 3.29 million passengers in 2010, at an average annual growth rate of 5%. Passengers numbers exceeded 3.5 million in 2011. This may be considered a good growth rate for MIA, especially considering the global economic crises and challenges faced in this period. Table 11 below shows that the numbers of seats have also registered a positive increase from roughly 3.71 million seats in 2006 to roughly 4.61 million seats in December 2011. This resulted in airline load factors during the last 5 years which averaged at just over 70%.

TOTALS	Pax	Seats	Load Factor
2006	2,696,034	3,713,819	72.6%
2007	2,974,501	4,244,438	70.1%
2008	3,109,868	4,313,658	72.1%
2009	2,918,664	4,207,455	69.4%
2010	3,293,635	4,655,283	70.8%
2011[4]	3,506,521	4,611,923	76.0%

Table 11: Number of passengers (2006-2011)
Data Sources: Malta International Airport and Malta Tourism Authority

[4] Actual figures for 2011.

POLICY RESPONSES

In recognition of the major role the MIA, Malta's main gateway, contributes toward tourism, we will work with Malta International Airport to ensure that the Airport continues to offer the best level of service to its clients, remaining accessible and competitive on the international market through effective pricing, efficient service provision, safety and security.

To provide a better service to travellers we will explore the possibility of introducing check-in systems at the hotel reception desk also with a view to enhance airport efficiency and improve networking opportunities between the hotel industry and MIA.

We will support differentiated pricing by MIA for airlines and passengers with the aim of enticing increased volumes particularly during off-peak period.

We will encourage MIA to continue expanding its services and products to meet the diverse demands of its clients.

MIA, as the main gateway for the islands, is to continue to explore new or under-served routes from which tourism can be attracted to the Maltese Islands alongside other private tourism operators in conjunction with tourism public authorities.

MIA is to increase connectivity with European, non-European and international airports and retain the existing client base whilst attracting new airlines to operate to and from Malta.

The MTA will explore the viability of air connections with BRIC countries and possibly with the US.

Given Malta's high dependence on air travel and the fact that air travel is one of the main sources of global interaction for the Maltese Islands, for strategic purposes Malta needs to maintain control over its geographic interactions. Priority should also be given to key areas such as safety, security, network capacity, effectiveness and environmental impacts.

While endeavouring to ensure that Malta's main gateway continues to attract increased business, we will ensure that any pressures on the national infrastructure, society and on the environment resulting from airport operations are mitigated.

In conjunction with Transport Malta we will ensure that our Airport remains accessible at all times during the execution of all road-works - including emergency works - that may hinder the approach to the airport.

Sea port Analysis (2006-2011)

Valletta Cruise Port is our most established home port and one of the most successful Mediterranean ports of call, strategically located in the middle of the Mediterranean and consequently well-connected to the rest of Europe, North Africa and the Middle-East. The cruise port is located on the Capital City's doorstep, a UNESCO World Heritage city, sheltered within the magnificent Grand Harbour. Apart from offering the sea traveller a visually stunning experience, the proximity to our majestic capital allows them the chance to make their visit a memorable one, by sampling one of many available excursions within the city 'built by gentlemen for gentlemen'.

Over the last decade, the cruise liner industry in Malta has grown exponentially. Table 12 below illustrates the cruise passenger increase registered over the last 11 years. A steady increase from 170,782 passengers in 2000 to a remarkable 491,201 passengers in 2010, and to well over 555,000[5] passengers in 2011. Since 2006, the cruise liner industry has continued to register a positive growth, one which is expected to remain progressively stable in the coming years, particularly as a result of expansive investment in the cruise passenger terminal industry. In effect, Malta's leading cruise industry, is set to become renowned, not only as a port of call but also as a home-port.

In 2012 a second terminal operator will commence operations at the Grand Harbour. This development will introduce a competitive edge to the local market, notwithstanding the existing terminal's current success in relation to competing ports in other destinations.

	Cruise Passengers
2000	170,782
2001	259,390
2002	341,632
2003	389,424
2004	291,821
2005	320,104
2006	408,046
2007	488,170
2008	555,840
2009	439,630
2010	491,201
2011	556,564[6]

Table 12: Number of cruise passengers (2006-2011)
Data Sources: National Statistics Office

The growth in cruise passengers came about as a result of a variety of factors including international growing market trends, larger cruise ships which can accommodate more passengers, Valletta Cruise Port plc's and

[5] Year 2011 actual figures by NSO as at 02.02.12
[6] Year 2011 actual figures by NSO as at 03.03.12

cruise operators' marketing efforts and the investment carried out on Malta's cruise passenger terminal. This terminal was also designed to be able to accommodate the larger ships being built by cruise operators and owners. Cruise ships are set to get larger which will create the need for the port infrastructure, particularly the quays, to be extended accordingly.

Sea connections

Whilst acknowledging our island's dependency and reliance on air transport, Malta has also managed to maintain its sea connection with Sicily through a high-speed ferry service, operated by Virtu Ferries since 1988. Between 2006 and 2010, the service operated an average of 500 single voyages per year. During 2011 there was a notable increase in the number of passengers carried by Virtu Ferries and as a result an increase in tourism from Sicily. The option of widening sea connectivity through ferry service between Malta and other nearby Mediterranean countries may be explored and even tapped in the coming years. Developments relating to 'motorways of the seas' may provide additional opportunities both for trade and for tourism.

Total Departures by Air and by Sea (2006-2011)						
	2006	**2007**	**2008**	**2009**	**2010**	**2011**
Air	1,104,273	1,223,693	1,270,082	1,166,417	1,308,546	1,375,193
Sea	19,965	19,828	20,774	16,072	27,845	36,555
Totals	**1,124,238**	**1,243,521**	**1,290,856**	**1,182,489**	**1,336,391**	**1,411,748**

Table 13: Number of departures by sea (2006-2011)
Data Sources: National Statistics Office

POLICY RESPONSES

We will collaborate with the terminal operators, and market the Valletta cruise harbour as an established Mediterranean port, with our bustling capital city Valletta and other neighbouring towns and villages within easy reach, all offering a varied and vast range of hotel options, not to mention a mere 15 minute drive away from our airport.

We will promote the Valletta Harbour as a natural, all-weather port, providing easy access to cruise vessels including large new vessels which are currently under construction.

We will continue to improve on bunkering, emergency ship repair facilities, chandelling and other husbandry services on a 24 hours a day, 365 days a year basis.

We will work with local tour organisers to ensure that excursions provide a diversified tourist experience and serve as a taster of Malta's versatility by showcasing our natural, rural, cultural and coastal tourism product.

Staying in Malta

The Maltese Islands have a total of close to forty five thousand beds spread over different category ratings as shown in Table 14.

During the period 2006-2010 a number of three star hotels closed their doors and more five star beds came on the market. The decrease in three star beds was mainly the result of difficulties encountered by some three star operators to adapt to the new way of doing business - i.e. - moving away from the tour operator model in favour of the Internet booking system 2006-2008 was also a building boom period which enticed a number of hotel owners to sell their property for development.

Hotel Beds						
	1 Jan	1 Jan	1 Jan	1 Jan	1 Jan	1 Jan
Category	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Hotels						
5 Star Hotel	5,688	6,220	7,080	7,402	6,986	6,986
4 Star Hotel	15,148	14,970	14,343	14,343	14,743	14,986
3 Star Hotel	10,788	10,637	9,840	9,980	9,790	9,748
2 Star Hotel	916	810	721	721	671	671
1 Star Hotel	-	-	-	-	-	-
Unclassified	-	-	-	-	-	-
	32,540	**32,637**	**31,984**	**32,446**	**32,190**	**32,391**
Complexes/Tourist villages/Aparthotels						
4 Star Hotel	1,292	1,292	1,292	1,292	1,328	1,172
3 Star Hotel	2,634	2,634	2,283	2,273	2,273	2,313
2 Star Hotel	1,551	1,476	1,128	1,212	1,349	931
1 Star Hotel	-	-	-	-	-	-
Unclassified	-	-	-	-	-	-
	5,477	**5,402**	**4,703**	**4,777**	**4,950**	**4,416**
Guest Houses						
First Class	-	-	-	-	-	-
Second Class	-	-	-	-	-	-
Third Class	-	-	-	-	-	-
Comfort	243	257	267	275	328	354
Standard	683	532	534	534	534	534
	926	**789**	**801**	**809**	**862**	**888**
Hostels	**488**	**560**	**857**	**1,135**	**1,185**	**1,185**
TOTAL (Serviced Accommodation)	**39,431**	**39,388**	**38,345**	**39,167**	**39,187**	**38,880**
Self-Catering (Holiday Premises)	**4,584**	**5,208**	**5,668**	**5,428**	**5,513**	**6,318**
ALL Accommodation (Serviced + Self-Catering	**44,015**	**44,596**	**44,013**	**44,595**	**44,700**	**45,198**

Table 14: Data on type of hotel beds (2006-2011)
Source: Malta Tourism Authority

The increased number of tourist arrivals and increase in total tourist bed-nights did not produce a proportional increase in hotel occupancy. This was largely due to two factors, the drop in the average length of stay (from 9.5 nights down to 8.3 nights) and the increase in the use of non-collective accommodation and private accommodation. That said, according to statistics published by STR Global, during the first eight months of 2011, hotels in Malta enjoyed the second highest level of occupancy amongst European states. Occupancy in the summer months is now reaching saturation point and growth can only happen in the winter and shoulder months when occupancy levels vary from good to low.

The achieved room rates for hotels increased during the period under review across all star categories. However this period coincided with the hike in the price of oil. Hotels are susceptible to high energy bills and therefore the increase in utility bills impacted on their profitability.

During the last couple of years, the Malta Environment and Planning Authority (MEPA) and the Malta Tourism Authority (MTA) received several development applications for the conversion of old historic buildings into boutique hotels. Applications were received for boutique hotel developments in Valletta, Birgu and Bormla. This sort of development is a welcome break and goes a long way toward enriching our tourism industry, offering a newer, more up-market and hence superior product. There is potential for more of this type of hotel accommodation. While Malta's bed-stock offers the tourist a wide choice in terms of both product and price, there are gaps in the product offering, which, if addressed could bring additional business to Malta. Certain localities in Malta and Gozo, such as Valletta, the three cities, the three villages, Rabat, Mdina and Victoria have properties that can be developed into small tourist accommodation units, or family run guest-houses similar to the UK Bed & Breakfast concept. With similar developments, Malta will be addressing part of the accommodation gap.

During discussions between MTA, tour operators ask for all-inclusive type of accommodation. All inclusive accommodation requires extensive tracts of lands to house facilities that can be used by the guests. In order to give a varied experience to the hotel guests, such properties normally have numerous themed restaurants, large often multiple pools and other ancillary facilities. Few properties in Malta have the capability of offering this type of product offering. Given the density and close proximity of hotels in the Bugibba/Qawra area there is a theoretical possibility that these hotels could combine and offer an all-inclusive experience albeit spread over a number of properties. The idea of creating effective networks that are able to reduce cost structures and to enjoy economies of scale emerges as a strong recommendation for the all-inclusive accommodation category.

Surveys carried out by the MTA show that the tourist rating on hotel accommodation has fluctuated during the period under review. The five-star hotels maintained positive ratings both in terms of the product offered and also with regard to their level of service. The ratings of four-star hotels continue to drop while the three-star ratings have improved slightly but are still relatively low. A study undertaken by the MTA on three-star hotels, revealed that a number of these are suffering from product fatigue brought about by years of limited capital investment. The study also pointed to weak management structures mainly due to the fact that a significant percentage of three-star hotels are family owned and run and as a result have never adopted proper management structures. This situation is not unique to Malta and in fact can be found across the European continent. European Union Vice-President Commissioner Antonio Tajani highlighted this weakness as one of the issues that needs to be tackled within the wider context of making Small and Medium Enterprises (SMEs) more technologically friendly and more adept at reaping the benefits of internet sales and marketing. Some hotels in this sector found it difficult to adapt to the new model of business, whereby business is no longer contracted with a tour operator once a year but needs to be acquired over the whole twelve months using the internet, particularly electronic commerce and other media. As a result and also because of the building boom, Malta has lost one thousand three-star beds over the past four years.

The three-star sector is a crucial part of the accommodation equation. It is essential that Malta retains a good supply of three-star beds that meet the requirements of a cost-conscious traveller. Having the right type and mix of accommodation with the appropriate facilities and services that can satisfy the market is critical. The current accommodation inventory must adapt to market needs, realigning itself to the new realities and market developments-otherwise establishments risk having to exit from the industry. The long term sustainability of the accommodation sector is important.

POLICY RESPONSES

The MTA, in conjunction with hotels and their representatives will continue to explore ways of increasing winter and shoulder months business. Schemes such as the joint marketing schemes and the public sector conference incentive scheme which proved effective in generating winter traffic and which contributed to the increase in winter business will continue to be implemented. The MTA in collaboration with the private sector will also develop product offerings that appeal to the winter traveller.

Government will pursue its policy of helping hotels reduce their utility bills by offering aid schemes to hotels that adopt energy saving measures.

As it has done in the past, Government will continue to encourage the private sector to devise and follow pricing strategies increasing productivity and be more cost effective in order to increase competitiveness.

Government and the MTA will push for increased winter business to help improve the profitability of hotels in the winter and shoulder months.

The MTA will review the policies and regulations that need to be updated to allow for a smoother handling of applications for new types of accommodation such as boutique hotels, bed and breakfast units and dormitories.

Government and the Malta Tourism Authority, in consultation with the private sector and the Malta Environment and Planning Authority will work together to establish a policy for accommodation development, taking into account the type of accommodation required, the optimum mix, market developments, the market segments we are tapping, the destination's limiting factors and environmental considerations. We will identify product gaps in our accommodation offer and identify ways of facilitating quick responses to market opportunities. The classification and licensing regimes will be reviewed accordingly to facilitate the provision of identified accommodation sites such as boutique hotels, bed and breakfast units and dormitories. Standards will be revised to incorporate qualitative elements of physical requirements as well as service standards. Ecolabel criteria will become mandatory for new hotels and a transitory clause will be effected for existing establishments.

The MTA, in conjunction with the relevant stakeholders will undertake a review of the four-star accommodation to identify product and service shortcomings. Measures will be devised to deliver higher operating standards and efficiency, better innovation, a corporate, socially responsible culture and an improvement in training measures which can in turn contribute to improve the service offering.

In conjunction with the respective stakeholders, the MTA will identify the measures that need to be taken to upgrade the three- star hotel sector.

The MTA will refer to the study undertaken on this sector to analyse whether the recommendations contained in that report are still relevant and implementable.

The Government and MTA will undertake a study to determine how the industry, especially lower category hotels, can make better use of Information Technology.

Efforts will be undertaken to eradicate unlicensed accommodation. The Enforcement Unit at the MTA will continue to monitor the industry through regular inspections of tourism operations which are executed to check that tourism establishments comply with the legal standards. The Enforcement Unit will engage in efforts to identify and to eradicate unlicensed operations, since these disrupt a level playing field amongst the sector and lead to unfair competition.

Getting around in Malta

The shift from tour operator business to independent travel has resulted in a mobile and more adventurous tourist, one who is prepared to explore. Furthermore, the internet provides a source of information that enables a tourist to select sites of interest, including those off the beaten track. The combined effect of these two factors is that tourists are seeing more of Malta and Gozo with previously unexplored areas suddenly featuring on the tourist map and frequented by our visitors. Moving between one destination and another is part of the visitor experience and needs to be properly managed. It can be the make or break factor of a holiday - i.e.- the determining factor in making a holiday experience more or less enjoyable. Internal transport is therefore part of an important element of our tourism product. We need to ensure that both the mode of transport (bus, taxi, ferry etc) and the condition of the road infrastructure (roads and signage) meet our visitors' expectations.

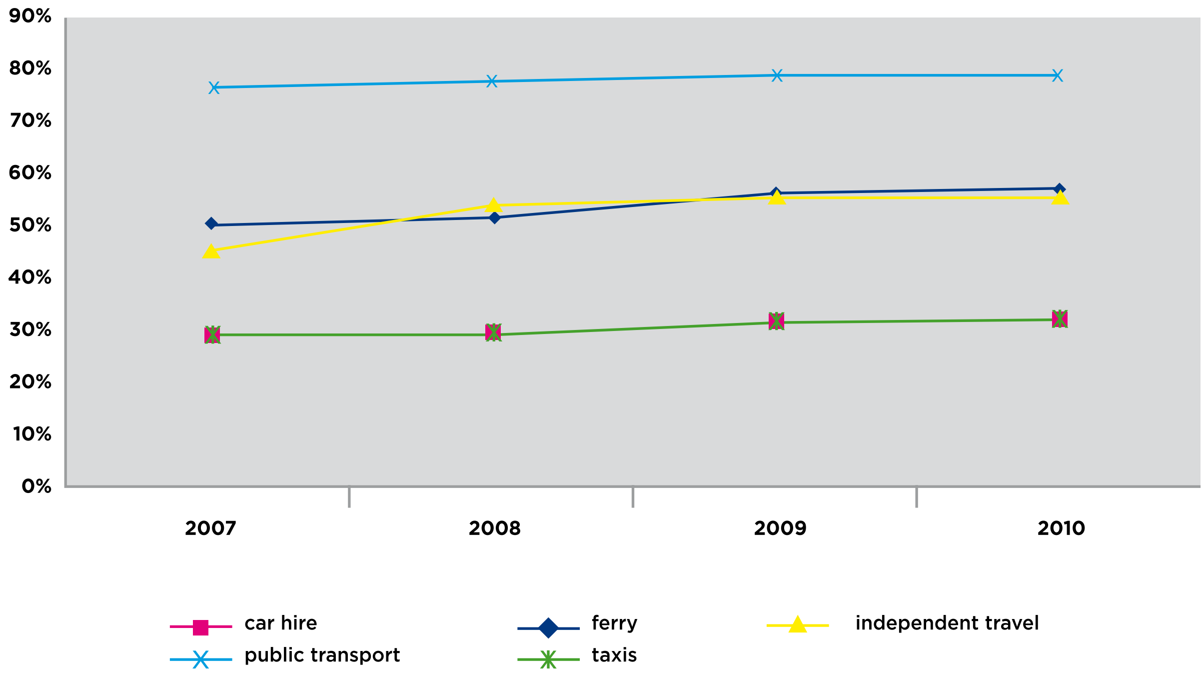
Marketing our tourist attractions is useless if these are not easily accessible. Therefore it is of paramount importance that our sites and hot-spots are not only promoted and advertised on paper, but that travellers are able to get to them, with the least amount of inconvenience. We need to capitalize on our Islands' size and ensure that getting from A to B or from A to Z is do-able. Organised trips to off the beaten track places, not easily reached by bus, will ensure a much more holistic experience for the average tourist.

Expenditure on Land-Based Transport 2006-2010

Tourists visiting Malta collectively spend around €28 million on transport. This accounts for about 8.7% of total tourist expenditure. It is estimated that about €10 million is generated by car hire services, €7.8 million by public transport, €7.3 million by taxi services and €3.4 million by services offering ferry crossings.

Figure 1 shows the existing co-relation beween travellers and methods of transport - i.e. use of taxis, car hire and ferry crossings.

Figure 1: Relationship between independent travel and transport services



Overall, transport services have been rated positively. It is worth noting that the ratings for ferry crossings have registered slight improvements whilst public transport and taxis have registered slight declines.

With a higher share of independent travellers visiting the Maltese Islands, the propensity toward transport usage and consequent transport expenditure naturally increases. Yet this market may still opt for in-house, organized excursions. When it comes to transport methods, a clear indication of the available routes, time-tables including departure and arrival times and the estimated time of arrival at a given destination, are just as important as the level of efficiency and the quality of the service.

Over the past years, major initiatives have been undertaken by the MTA, Transport Malta (TM) and other authorities and organisations to improve the transportation service. These initiatives ranged from training provisions for drivers to a more organized taxi service in key prominent areas such as the airport and the cruise passenger terminal. Further initiatives saw the introduction of taxi meters, legislation relating to renewals of the car hire fleet and improved timings and frequency of ferry crossings.

	2006	2007	2008	2009	2010	2011
Number of public transport passengers	30,201,634	32,156,336	31,617,316	30,224,582	31,277,114	31,376,657
Number of route buses	578	582	577	576	586	264 (post July)
Number of self-drive cars	4,943	5,083	5,098	4,793	8,642[7] (out ofwhich 935 were garaged)	8,823[8] (out ofwhich 920 were garaged)
Number of licensed taxis	247	248	248	248	250 (out ofwhich 2 were garaged)	288 (out ofwhich 2 were garaged)
Number of coaches	144	150	161	159	150 in Malta (out of which 4 were garaged) 71 in Gozo	140 in Malta (out of which 1 was garaged) 71 in Gozo (out of which 1 was garaged)

Table 15: Transport Services
Source: Ministry for Infrastructure, Transport and Communications & Malta Tourism Authority

Public transport

A major initiative which has affected the public transport service in Malta and Gozo is the public transport reform which was launched on 3 July 2011. The reform was designed with the specific intention of moving away from the single hub trend, where, until then, transport users were constrained to travel to Valletta and then to interchange to another network that would then take the passenger to the destination of his choice. The bus reform does away with the need for this dual exercise and for the first time, bus services were introduced at the airport with direct connections to important touristic zones such as Bugibba, Marsascala and St. Julians. The buses operate a frequent efficient service, are cleaner, more user and environmental friendly are equipped with luggage racks and have remained relatively cheap. They are likely to attract more users, especially those using low cost airlines for short breaks.

The reform increased routes and time schedules have therefore provided more accessibility around areas within the Islands. In particular major improvements were registered in the public transport system in Gozo. The increased bus rates, still remain among the cheapest in Europe, and are therefore not expected to affect tourist usage levels. This will consequently result in some increases in tourist expenditure on public transport. Amendments to routes are taking place and as more Maltese passengers opt to use public transport, it is important that the routes which are most popular with tourists e.g. Sliema, St Julians, are well serviced to satisfy user demand.

On the downside, the new Euro V buses replaced the old buses which had a certain appeal and which many tourists found charming. It is therefore not surprising that a number of the old buses are being used for organised tours and using them for short distances and organized in-house tourist excursions. It is imperative that when re-cycling some of the old buses, one strikes a balance between investing in making them more environmental and user friendly without however stripping them of their charm.

Public buses prior to the reform were subsidised from €7 million to €10 million annually. The system could not continue to exist without continuous governmental financial assistance. Any improvements to the system invariably necessitated greater government subsidies hence making it impossible to match the service with the increasing expectations of commuters and legal/environmental requirements. This rendered the bus service

[7] Total includes 5,598 K-plated vehicles (short term hire) and 3,044 QZ plated vehicles (long term hire).
It is to be noted that the distinction between short term and long term hire has been removed as of January 2010.
[8] Total includes 4,964 K-plated vehicles (short term hire) and 3,859 QZ-plated vehicles (long term hire).
It is to be noted that the distinction between short term and long term hire has been removed as of January 2010.

unsustainable and was too big a risk as it potentially jeopardized both the jobs within the sector and the very public service being offered.

The reform will gradually wean our public transport system off government subsidies. The operation has to operate commercially making it more able to survive in the long run. Levels of service are defined in the agreement signed between government and the public transport operator. One needs to ensure that these levels are maintained.

Coach services/Organised Tours/Excursions

Even though the share of package travel declined over the years from 594,899 in 2008 to 591,735 in 2011 which could have posed a potential risk to the demand for coach services, the share of tourist opting for organized tours and excursions progressively increased from 28% in 2008 to 40% in 2011. This, in turn, produced an increased demand for coach services. Such increase could be due to a number of factors, namely developments in the English language learning market, more MICE business and the overall increase in visitor numbers.

Open-top bus service

The open-top bus service is its own attraction and offers an additional option for going around and experiencing the Maltese Islands. It has provided increased accessibility to particular areas of the islands which previously may not have been popular or as frequented by tourists. These towns and villages provide tourists with an insight into the ways of life of the locals and a chance to view the town or village's unique characteristics. The on-street selling of tours has the potential of becoming a nuisance to tourists and needs to be controlled.

Car hire

Whilst expenditure per person on car hire has decreased, the expenditure per person per day has increased from €6.17 to €6.34, resulting in an overall increase of expenditure from €11.5 million in 2006 to €17 million. Car hire rating has remained at the level of 2.3 % which implies that there is still some room for improvement possibly through improving the condition of cars offered for hiring, the service offered by personnel, additional services such as GPS and a more personalized, bespoke service catering for the specific requirements of tourists (e.g persons with reduced mobility). This could result in strengthening the market potential of this sector of the tourism industry.

Taxis

The expenditure per person has marginally decreased but the usage levels have steadily increased from 28.8% in 2007 to 32% in 2010. This resulted in an overall increase in expenditure from €4.92 million in 2006 to €6.57 million in 2010. The taxi has undergone a partial market liberalisation with additional licensed taxis being added to the market each year. Mandatory requirements for taxis to use camera surveillance equipment and taxi meters are practical measures that have been introduced to ensure customers travel safely at all times and are charged the correct fare. Yet, the rating has remained constant over the past 4 years demonstrating that there is still room for improvement possibly through improved conditions in the taxi car services, the personnel services offered by taxi drivers and distribution reach-out of the taxi services across the Maltese Islands.

Karozzini

The Karozzin (traditional horse-driven cab) is an attraction that has seen an increase in business over the past years, particularly through the increase in cruise business. This services needs to be regulated to ensure that animal welfare issues, fair pricing and street infrastructure and damage control issues are addressed.

Alternative Modes of Transport

In a number of suitable localities around the island alternative systems of transport may be appropriate to enhance the visitor experience whilst improving air quality. The feasibility of establishing systems such as public bicycle sharing system will be explored.

Supporting infrastructure

Transport services are highly dependent on the supporting infrastructure including roads, road signage, parking facilities, pedestrian areas, traffic and other signs and pavements. Improvements in the strategic road network have been carried out and Malta will continue its programme of investment in the upgrade of roads on the Trans-European Transport Network TEN-T (Road). Malta's TEN-T (Road) is 51km in length and is the highest road classification in Malta and Gozo and the road-transport network for the Maltese islands. The objective behind the upgrading of the TEN-T (road) is to remove traffic bottlenecks on the network by improving the capacity or traffic management on the roads and to address road safety issues along certain stretches. On the island of Malta the TEN-T (Roads) provides strategic connection between Malta's airport, the international passenger sea terminal, Valletta and the inter-island ferry port of Ċirkewwa. On the island of Gozo, the TEN-T (Road) links the inter-island ferry port of Mġarr to Gozo's capital city Rabat. The upgrading works also include replacement of all road signage and the introduction of a comprehensive destination and information signage system on the road network. By the end of 2013, about 60% of the TEN-T (road) for the Maltese Islands will have been reconstructed or upgraded to conform to the highest standards of road design. Further technical feasibility and environmental studies are in progress to determine the road upgrade and reconstruction projects that are to be implemented between 2014 and 2020. These improvements in the TEN-T (road) will greatly facilitate accessibility for visitors arriving by air or sea to the main tourist resorts or for their onward journey to the island of Gozo.

The additional investment made by government on the road infrastructure has resulted in an improved rating given by tourists to infrastructure supporting transport services, in particular roads, road signs and parking, However there still remains much room for improvement. Further improvements will be directed by government towards road signs, and pedestrian signage, pavement and supporting infrastructure and these additional efforts will aim at improving accessibility for all and at improving the tourism ratings and satisfaction levels.

Maritime transport services and supporting infrastructure

Inter - island ferry links

Total expenditure on ferry crossings has declined from €4.3 million in 2006 to €4.1 million in 2010, though usage levels have increased from 50% to 57%. This could be explained by the increase in passengers (as evidenced by increased day-trips), and possibly less cars embarking the ferry. The rating given to ferry crossings has increased from 2.2 to 2.0 reflecting an improvement in the service. The timings of ferry crossings to Gozo seems to have been addressed, and increased access to Gozo should be further facilitated through the direct link of public transport from the Malta International Airport to Ċirkewwa.

	2006	2007	2008	2009	2010	2011
Total volume of tourists	1,124,233	1,243,510	1,290,856	1,182,490	1,336,086	1,411,748
Visitors to Gozo as a % of total tourists	n/a	59.6%	60.3%	58.4%	59.9%	59.1%
Share out of Gozo visitors **Day trip**	n/a	87.3%	86.2%	88.2%	87.3%	86.5%
One night stays	n/a	0.9%	0.9%	0.9%	1.0%	1.0%
Gozo-based	n/a	9.4%	10.4%	8.2%	8.4%	9.2%
Two-centre stay	n/a	2.4%	2.5%	1.8%	3.3%	3.2%

Table 16: Tourists visiting Gozo during their stay in the Maltese Islands
Sorce: Malta Tourism Authority

Though the ferry service has improved considerably, there might be scope for increased efficiency in periods of peak demand (e.g long weekends) to reduce waiting time and queues. Differentiated pricing could also be an option, to flatten the demand across different time periods evening out the peak across the day. A further consideration could be the provision of smaller and faster passenger-only ferries particularly to cater for peak demands complementing the existing service and for periods of low demand where it may not be feasible to operate the larger ferries.

Ferry crossings and services depend on the port infrastructure which is a priority for Transport Malta which aims at improving maritime transport. The development of internal maritime transport infrastructure aims to provide a seamless connection for travellers between Malta and Gozo. Upgrading works at the Mġarr ferry terminal in Gozo are now completed whilst at the Ċirkewwa ferry terminal in Malta, construction upgrading works aimed to improve the capacity and safety of the sea ferry operations terminal, and the circulation and waiting facilities for passengers travelling on foot, by car or by public transport are underway.

The ferry link acts not only as a viable transport mode but is a quaint attraction in itself, offering visitors the experience of reaching Gozo by sea whilst simultaneously enjoying the scenic coastal views of Malta, Gozo and Comino.

Inter island links

Malta and Gozo are also linked through a seaplane which, in addition to operating daily scenic flights around Malta and Gozo from the Valletta Waterfront, also runs a daily scheduled service between the islands of Malta and Gozo, from Valletta Waterfront to Mġarr Harbour. Accommodating 14 passengers, the seaplane takes an average of 20 minutes from Valletta to Mġarr. There is scope for utilizing this service further by increasing inter-island connectivity and introducing additional operations e.g. from the Malta International Airport to Mġarr Gozo.

The Gozo business community is lobbying for additional measures to help reduce Gozo's insularity. Government will consider options for improving accessibility to and from Gozo, undertaking the relevant studies and ensuring that the criteria of sustainable development are met.

Inter harbour ferry links

Links using water taxis, small ferries, and the traditional luzzu, provide an additional business opportunity for the private sector and can act as sui-generis attractions for tourists. To date, such services are limited but there is scope for growth in this area and additional inter harbour ferry links need to be studied and further explored in terms of their potential. The re-introduction of the Lift linking upper Valletta to the Grand Harbour, could potentially result in increased demand for ferry services within the Grand Harbour and drive more tourism trade to the Cottonera area.

POLICY RESPONSES

The Malta Tourism Authority will continue to monitor the product and service levels of the modes of transport and infrastructure used by tourists and assess the impact of the programme of reforms and works underway. Such asessments accompanied by recommendations will be communicated to the relevant authorities to address identified issues through the required action.

We will work closely with Transport Malta to ensure that road infrastructure works are communicated effectively to tourists.

We will encourage car hiring companies to introduce route planning devices on their vehicles.

We will review the airport to Gozo operations to determine whether any further improvements can be carried out to reduce the travel time and inconvenience to tourists travelling directly to Gozo.

We will work with Transport Malta to set standards for Karozzini operators.

We will continue to provide training courses for transport operators to help ensure a better delivery of service.

The MTA will support the promotion of alternative modes of transport used by tourists as this contributes to reach the modal shift that Malta is required to reach by 2020.

WHAT TO DO WHILE IN MALTA

What to do while in Malta

Retail

The share of tourism expenditure spent on shopping has declined from 20% to 14%. There may be many reasons for this. Tourists tend to purchase less in times of recession. Moreover tourists are more inclined to spend their money on exploring the island and other related activities rather than on purchasing items that can be found and bought in their own countries, particularly given shorter lengths of stay and baggage weight limitations. Finally, there exists the possibility that our retail product offering does not meet the expectations of our traveller and could also be a factor which should not be ignored.

The current shopping experience offered to tourists needs to be analyzed and studied closely and the links between retail and tourism and retail and cruise operations further explored. Emerging expenditure trends indicate the need for investment or reinvestment and for operational improvements by existing retail operators if additional income from tourism is to be generated through shopping activities by tourists. Internationally renowned retail brand names create an effective and positive impact for the visitor experience and thus by attracting and offering renowned brand names, the local retail sector can further boost tourism spending. Retail serves residents but also visitors (including tourists and cruise passengers), a proportion of which are repeat visitors whose preferences must also be taken into consideration. Consideration must be given to the overall shopping experience including location, store appearance, atmosphere, experience, products, pricing, convenience, hospitality, language requirements, possibility of hands-on experience, specific requirements for some tourists (e.g. making shopping easy for parents and for those with young children), limitations faced by customers and delivery options. Retail products or services on offer to our visitors must complement the experience the tourist or cruise passenger is seeking in his visit to the islands.

POLICY RESPONSES

We will further assess retailing in Malta with a view to identifying improvements required in our current retail services offered to tourists and cruise passengers.

We will help the private sector better understand the tourism maket and the cruise passenger market, assessing what retail products or services complement the experience the tourist is seeking on his visit to the islands.

We will work with the retail community to support improvements in the retail offering ensuring that private sector investment is directed accordingly.

Visitor Attractions

Our product offering must adapt to the ever-changing profile of our visitors. We need to create new attractions, while ensuring that the ones we have, offer an enriching experience to the visitor. Our rich history has provided us with plenty of stories to tell and more than just a fair share of remarkable places to show-case. Cathedrals and Churches form an interesting part of the offering. Our cultural offering is appealing to the kind of visitor we wish to attract especially for short breaks in the winter months. Government, particularly through Heritage Malta has embarked on various projects to upgrade the visitor experience in a number of sites. The public sector plays a role in providing public goods to enhance the overall tourism offer including urban open spaces such as pjazzas, fortifications and rural areas. The private sector and NGOs have also been very active in this field.

POLICY RESPONSES

We will assess our national visitor attractions, particularly those operated by Heritage Malta to ensure that these are meeting the expectations of our visitors.

We will continue to build on our cultural heritage patrimony by continuing with the implementation of key projects which are already in different stages of implementation. These include:

- The rehabilitation of the Grand Masters Palace
- The Restoration of Fort St Angelo
- The Restoration of Fort St Elmo
- The Malta National Aquarium
- The Visitor Centre in Ggantija
- The National Gallery
- Fortifications interactive Centre at Biaggio Steps
- Upgrading works at Dock No. 1
- Couvre Port

We will ensure that visitor attractions are marketed effectively both locally and abroad. We will use the tourist information offices to promote our visitor attractions.

We will evaluate the problems of overcrowding which may be created in specific visitor attractions in Malta and Gozo, introduce visitor management techniques that prioritise on tourism optimisation management models and we will motivate local councils to integrate carrying capacity measures and LAC techniques in town centre management.

We will hold discussions with Religious Authorities to identify actions that can be taken to render cathedrals, churches, chapels and religious shrines more accessible to tourists whilst at the same time identifying measures that may be required to ensure that religious functions are not interrupted by the visiting tourists.

We will continue to provide and manage public goods which constitute an integral part of the tourism product. Upgrading of works will take place to make it possible to walk from visitor attraction to the other without making use of motorized transport thus enhancing the overall tourist experience.

We will identify buildings that have unique architectural importance and seek to valorize them through housing appropriate uses for local produce (for instance Valletta market building in Merchants' Street)

Entertainment

Malta and Gozo offer exciting and enjoyable entertainment which varies from the renowned ornate Manoel Theatre hosting opera and symphony performances, the historic St. James Cavalier Theatre of modern artistic expression, Fort St. Angelo, Fort St. Elmo, Mdina, Valletta, the Three Cities, the Mediterranean Jazz Festival amongst many other points of interest and activities presenting creative arts and culture. Tourists in the Maltese islands are never far from a restaurant, bar or cafeteria, cinemas in Malta and Gozo screen the latest films in modern auditoria, there are 3 casinos in Malta, a very active clubbing scene, as well as religious and non-religious festivities throughout the year.

POLICY RESPONSES

We will continue to support entertaining activities and to market the Maltese Islands as entertaining destinations. We recognise that our village cores as well as our towns and cities require eclectic all year round animation which brings to life the dynamism of Malta and Gozo as tourism destinations by respecting the character of villages and towns and providing appropriate entertainment acceptable to residents.

We will continue to promote Malta and Gozo as entertaining destinations appealing to different generations from young adults, to families with children to the adult market and we will work with local tourism stakeholders to continue strengthening the entertainment opportunities for the visiting tourist.

The experience of eating out – the product offer of restaurants and other catering establishments

The restaurant and catering sector plays an important role in tourism in that it not only satisfies a basic need but also provides a form of recreation through the dining experience on offer, an experience which can be cultural in nature and which provides the opportunity for interaction between tourists and residents. This sector provides employment and generates income. 45% of tourists' expenditure during stay is spent on food and drink consumed at restaurants, bars, pubs and places of entertainment, restaurants in accommodation establishments, or purchased from take-aways, supermarkets and grocery shops. In addition, this sector constitutes a main recreational facility for the Maltese community which accounts for around 60% of the restaurants' earnings.

The current offer in this area is composed of over 660 restaurants in Malta and Gozo, with over half of these being licensed as third class, over 260 as second class and only about 40 as first class. This composition indicates that, for a variety of reasons, over the years this sector has opted for the lower class of establishment. It is important to note that out of the total number of operating restaurants around 100 are licensed as speciality restaurants implying that their offer caters for one type of cuisine. In addition, there are another 580 catering establishments licensed as snack bars, kiosks and take-aways.

This sector has evolved over the years in reaction to the market demands particularly that of the tour operator segment, which up to some years ago represented 75% of our tourist volumes. The very strong influence and presence of the British market was a major factor in its development. Establishments are concentrated in tourist areas, primarily in St Paul's Bay/Bugibba/Qawra, St Julians, Valletta, Sliema and in Marsalforn Zebbug and Rabat, in Gozo. In the past few years, one can note investment (in some cases also through the assistance provided through the EU co-financed Grant Scheme for Sustainable Tourism Projects 2007-2013) in rejuvenating existing restaurants and also in providing new concept restaurants. MTA surveys indicate tourists' evaluations of our restaurants' physical aspect and service: one-fifth rate restaurants as 'very good', more than half as 'good', another one-fifth as 'not so good'. Certainly, there is scope for improvement in the offer, facilities, amenities, services and experience provided by this sector.

Market developments, changing tourist preferences, different cost structures and reduced margins bring about new challenges to the sector, impinging on the investment, operations and performance of this sector. Over recent years, we have seen a huge shift in the mix and numbers of our source markets. As the independent traveler segment continues to grow steadily, as our source markets become characterized by an aging population and a less mobile one, as new, or relatively new, geographical source markets are tapped, as the expectations of our tourists vary and become more discerning, the catering sector must understand and identify these challenges and realign itself to these opportunities. Increasingly, tourists are in search for authenticity, not only in ambience but also in what they eat, demanding the experience of local cuisine. Few restaurants offer this and tourists demand more restaurants specializing in Maltese food. This is an opportunity to also promote our culture, a policy which is referred to in the section on niche markets in this policy document; and an opportunity to generate income as indicated in the chapter on 'Boosting income generation and tourism value added'.

For this sector to prosper further, we need to match supply with demand, providing the right mix of catering establishments, quick-service versus table-service. We need to understand the requirements, habits and eating preferences of our tourists and adapt our product offer accordingly. For example, Spanish tourists go to eat very late in the evening, hence requiring such opening hours.

POLICY RESPONSES

We will support investment in the development of an offer provided by the restaurant and catering sector that matches the expectations of the tourists being targeted by the destination. It should complement and satisfy the requirements of the specific niche markets, and the eating preferences (e.g. type of food, dining time and style) of tourists visiting from the varied source markets ranging from the UK to Italy to France to Spain to China, as well as the needs and expectations of the Maltese community. We will facilitate the adaptation to such requirements, such as opening hours as required by the Spanish market.

We encourage investment in restaurants specialising in Maltese cuisine and promoting Maltese produce. It is important to recognise that innovative ways on how to prepare and present Maltese food need to be found.

MTA in co-operation with MHRA will continue to undertake an in-depth study of the catering sector. It will identify future market demand and changing trends, it will assess the current offer provided by restaurants and other catering establishments and identify product gaps, it will cite the challenges

faced by this product element and make recommendations for the industry to realign itself with market needs and tourists' expectations. This study will form the basis of a strategic plan of action for this sector to implement and support sustainability in the long term.

Catering establishments, whether new or existing, are to complement and promote the ambience, experience and distinct identity of the towns or villages they are located in.

We will not establish a quota for similar types of catering establishments in a locality. We adopt a competition policy and we allow the market to operate. We encourage diversity and specialization within the catering services sector to widen our product offer.

We encourage operators in this sector to provide a value for money experience and we discourage any overpricing practices.

We will review the existing classification system for catering establishments adopting the principle of smarter regulation.

Through ITS, we will continue to provide relevant courses for people wanting to enter this sector and continue providing training for those currently working within this sector. Such training and education will not only provide the required technical skills but will seek to improve the level of service, instilling the right attitude in potential employees.

We will aim at introducing a certification system to recognize relevant formal training undertaken by potential and existing employees in this sector.

We encourage improved quality of management and of operations in catering establishments.

We will work with unions and employers in this sector to identify ways of improving the working conditions in this sector.

We recognize the importance of the Maltese customer base for the catering sector and of our culture of eating out, acknowledging economic and social considerations.

We will seek to integrate the restaurant industry in the marketing strategies where relevant and where a competitive edge is present.

Coastal Areas

We need to invest in our beaches which remain a central part of our summer tourism offering. In the past years we have worked to turn a number of these into Blue flag beaches. We remain determined to increase the number of these blue flag beaches gradually ensuring that all our beaches are environmentally sustainable. We need to give more attention to our towns and villages by bringing out the unique charm of our village cores. Likewise we need to give greater care and attention to our land and marine Natura 2000 sites.

Our marine environment particularly our beaches, are a mainstay of our tourism product. The coastal areas serve various leisure, commercial and industrial uses, particularly those related to tourist activity. These potentially vulnerable areas merit a greater understanding and appreciation from tourists and residents alike. Higher protection is deemed necessary for local marine resources. Initiatives in this regard are already underway as evidenced by the designation of a further four Natura 2000 Marine Protected Areas. Creating a higher sensitivity to and an awareness and real understanding of our marine environment will enrich the tourist's experience and provide added enjoyment of our Islands. The attractiveness of these islands depends and relies heavily on the proximity of our coast, our marine environment, not to mention our urban and rural environments. We recognize the richness of the seabed around Malta and Gozo.

POLICY RESPONSES

Preservation of our marine waters is a priority. Maintaining the best bathing water quality and standards in line with the EC Bathing Water Directive is sine qua non as is achieving good status of our coastal waters in line with the EC Water Framework Directive, the Water Catchment Management Plan and the EC Marine Strategy Framework Directive.

MTA will incorporate in its marketing all blue flagged beaches in order to create better awareness and to provide international exposure and in parallel with this we will support the upkeep of existing blue flag beaches and the awarding of new ones along the coastal area of Malta and Gozo.

MTA will continue to manage and to maintain various beaches in Malta and Gozo. We will improve access to rocky beaches and act in favour of private sector investment in existing lidos to upgrade this aspect of our tourism product.

We will increase the opportunities offered to tourists for the exploration of the underwater marine environment and commit to working towards improving the marine experience for technical and non-technical divers by supporting the scuttling of wrecks, subject to environmental assessment procedures to ensure minimal environmental impacts.

We will prevent against looting from marine attractions and wrecks.

We will prevent against interventions which can result in the destruction of habitats.

We will support management plans for terrestrial and marine SPAs and (Special Areas of Conservation) SACs sites and direct tourism activity on the principles of conservation and sustainable use, and by raising awareness and promoting these important Natura 2000 sites.

Village cores and rural areas

As travel continues to become more accessible and as the main driver for tourism demand continues to focus on the discovery of new experiences, the priority areas for tourism destinations such as Malta shall constantly relate to the diversification and the valorisation of the tourism offering. The village cores around Malta and Gozo are at the heart of Malta's eclectic cultural experience. The day to day activities that take place within these village cores as well as the cultural calendar of annual events, contribute positively toward revealing interesting experiences to tourists. In effect, visitors are not only interested in enjoying Malta's coastal experience but are equally interested in understanding the authentic culture of these localities of interacting with the local communities, as well as the natural and manmade environment.

It is our policy to foster a diversification strategy for village cores and for rural areas by proposing sources of income and employment that may be effectively generated if tourism demand grows sustainably within these areas. It is important to note that tourism is not being proposed as an alternative to other important activities such as agriculture but rather, is being viewed as a complementary activity providing new sources of income whilst continuing to support the growth of agricultural activities in rural areas, the production of handmade crafts, artistic work and other interesting activities taking place in local village cores around Malta and Gozo. Tourism activity within Malta's village cores is also aimed at supporting the existing activities taking place within the village squares and giving these areas a new dimension for regeneration and sustainable investment.

It is our policy to ensure that this diversification strategy contributes to strengthen the tourism offering and to reduce the seasonality problem of tourism demand. This diversification strategy is effective to strengthen the experiences offered to the relational tourist, the independent traveller and the non-conventional mass tourists.

We want to spread tourism activity across different localities in Malta and Gozo and target a number of potential beneficiaries in order that the industry may truly serve its purpose as an economic driver promoting fair distribution of income and achieving positive multiplier effects that reach the grassroots of society.

We also believe that this strategic objective should take place responsibly and sustainably and that tourism activity within these areas should not degrade the human and the physical environment. We believe that Local Councils have a key role to play in the implementation of this policy objective and in this regard various activities and incentives will be highly supported.

As stated in the Local Governance Policy (2008):

> *Local Councils aim to valorise the tangible and intangible heritage assets found in their respective localities through innovative projects and activities that will in turn ensure a more enriched and diversified and less seasonal tourism product, directing visitors towards all the localities of Malta and Gozo.*

The growth of tourism activity both in village cores and rural areas should develop in such a way that it does not prohibit the development and well being of other future tourism activities and above all, without degrading the natural and idiosyncratic characteristics of these areas.

POLICY RESPONSES

We will support small scale tourism infrastructure based on the characteristics of the locality and its social needs ensuring that neighbourhood nuisances are not created and that any negative impact of such interventions on the environment is minimised.

We will promote village museums around the Maltese islands and invest in the capabilities of artists and people working in the field of the creative economy, by providing the required infrastructure and support services that are deemed necessary to operate successfully.

We will support the re-use and renovation of existing and derelict buildings which are falling into decay in our village cores and towns.

We will encourage environmental enhancement of towns and villages by various stakeholders and support the role that local councils and non-governmental organisations have in the implementation of such efforts.

We will develop a rural tourism policy which takes into account the specificities of Malta and which seeks to present the holistic potential of rural tourism, agro-tourism and eco-tourism.

We will increase awareness of Malta's biodiversity to tourists visiting our islands and will draw attention to dependence of tourism activities on the continuity of healthy ecosystems and associated services in order to improve knowledge and foster responsible behaviour among all relevant tourism actors.

Events

In the last few years, Malta has developed an eclectic and appealing calendar of events that comprises world class music, cultural and sporting events. Although government's investment in this area is and remains critical, one has to acknowledge the efforts of the private and voluntary sectors in the organisation of events.

A number of these events, such as the Jazz Festival, the Malta Music Week (comprising the Isle of MTV), the Rolex Middle Sea Race, the Malta Marathon, Notte Bianca, the Manoel Theatre Opera Season and the Fireworks Festival are attracting foreign audiences. These and other events are also enriching the experience of the coincidental tourist or visitor who had no prior knowledge thereof but happens to be in Malta whilst the event is taking place. The MTA collaborates with other agencies and government departments in supporting events. It gives financial support to two schemes. One scheme supports events organised by local governments. The other supports sports organisations which host international tournaments or training camps in Malta.

Most of the events occur in the winter and shoulder months and therefore serve to attract business in the lean period. However, more can and needs to be done to market the events calendar abroad.

POLICY RESPONSES

The MTA will increase its effort to market Malta's calendar of events abroad by:

- **Co-ordinating the production of an event calendar that will comprise all major cultural, musical and sporting events;**
- **Identifying the source markets that would appeal to each respective event;**
- **Working with tour operators and other specialist travel groups that have an interest in promoting these events;**
- **Marketing the events to tourists who happen to be in Malta when the event is taking place; and,**
- **Bringing over journalists to cover major events and using specialist media to promote the events abroad.**

Efforts will be undertaken by the Malta Tourism Authority to market in its different source markets the cultural calendar of events which was published at the beginning of 2012 by the Ministry for Gozo. The attractions offered are varied and clearly show that Gozo has a vivid annual calendar of events which appeals both to domestic tourists and to international audiences.

The MTA will continue to sponsor events organised by the private sector and NGOs if such events generate additional tourism business or significantly enhance our tourism product. The MTA will give out such sponsorships in a transparent and accountable manner.

Government and the MTA will continue to organise events such as Notte Bianca, the Malta Fireworks Festival, the Malta Choir Festival and the Malta Music Week (comprising the Isle of MTV) given that such events require too much effort and resources and would yield little or no direct economic return to a private investor.

Higher synergies will be created between the Malta Tourism Authority, Heritage Malta, visitor attractions and theatre boards to maintain an updated event calendar which encapsulates all the annual and one-off events that take place in the Maltese Islands and which is in turn communicated through effective promotional and advertising techniques by MTA's marketing arm.

The audiovisual industry in Malta has gained increased importance and success particularly because the Maltese Islands offer an ideal location for filming modern and period epics and also because the islands are equipped with the required infrastructure and incentives which motivate high-caliber audiovisual directors and artists to choose Malta and to avail themselves of Malta's unique provisions.

POLICY RESPONSES

Government will continue to encourage the creation of films and documentaries as well as to support film productions as these play a critical role in developing our creative sector, they contribute to promote the country's historical charm and attractions with foreigners and with prospective visitors and encourage the growth of the audiovisual sector.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QUALITY SERVICE

Quality Service

Sustained success in our tourism performance is dependent on the quality of the service provided which in turn will influence the satisfaction level of our visitors who would then recommend Malta and Gozo to others, or opt for a repeat visit. The challenge lies in ensuring that expectations are not merely high but continue to be met. Too often, the skills, attitude, personality, behaviour of some people working in the tourism sector or its supporting enterprises may not be adequate or professional enough to contribute to a memorable and enriching experience for our visitors. Research shows that there are elements within our tourism offering which regularly achieve high ratings for service provision, whilst others continue to attract low ratings.

Tourism is a dynamic and ever-changing economic activity. Changes and developments in the market require different management and operational skills. Trends indicate that today's tourist is more discerning, is increasingly interested in the destination experience and what it distinctly has to offer, has higher expectations, is spoiled for choice by increased service providers and choice destinations on offer, has increased access to positive and negative testimonials of first-hand experienced visitors and is technology dependent. The industry must adapt to these developments and immediately provide the right service to satisfy our visitors. This requires that market signals are read and understood, that the industry and supporting services, whether private or public, adapt in a fast and timely manner.

Earlier sections of this policy have identified market developments and the tourists we want to attract. This cannot be entirely achieved unless our workforce is geared to service these tourists beyond our visitors' expectations. The following, though not an exhaustive list, are considered areas that require investment in terms of skill upgrading, if we are to meet market developments:

- understanding the cultures and needs of tourists originating from a wider mix of geographic markets;
- understanding specific requirements of our visitors - whether high-end visitors, travellers with physical challenges, senior citizens, children, families travelling with children, youths; those visiting for specific purposes and driven by particular motivations such as sports, activity, wellness, appreciation of our rural settings, culture, business, diving;
- understanding and managing diversity;
- improving our language skills, including but not limited to English and learning new languages;
- visitor management (including congestion management);
- marketing and advertising of a destination, of an airline, of services;
- increased awareness of Malta's cultural heritage, its performing arts and creative industries; and Malta's marine life and nature;
- use of technology and its application in sales, marketing and information provision;
- understanding and promoting Maltese and Mediterranean cuisine;
- showcasing our artisan skills and crafts;
- instilling awareness and promoting Maltese authentic products;
- encouraging soft skills which are always essential in a service industry.

Tourism generates both full-time and part-time employment, supporting jobs in direct tourism establishments and in other related and supporting services. It provides jobs for varying categories of employees from the low skilled to the professional, for people with diverse attributes, skills and cultures, contributing to an important social consideration. Tourism jobs may however be considered as incompatible with a healthy family or social life, on account of low-wages and long hours. This hinders the industry from engaging the right type of personnel and increases the risk of employee turnover. Trained people eventually opt to move on to other economic activities or move out of the labour market, altogether resulting in wasted time and resources.

POLICY RESPONSES

To compete effectively we need to ensure that employees, the industry's most important resource, perform to the best of their ability. Education, capacity building, training and lifelong learning opportunities in tourism will be safeguarded and improved, also through further development and implementation of training and employment aid frameworks.

We will work with primary and secondary schools, the Institute for Tourism Studies, the University of Malta, private training service providers and the industry, to improve the level of service provided in the tourism sector through:

- the provision of training for people wanting to enter the industry;
- the provision of education programmes that are in line with industry research and identified needs;
- the adoption of a lifelong learning approach for people employed in the sector; and,
- the awarding of positive attitudes and delivery of service.

We will encourage the private sector to invest in staff development training and to provide a professional service.

We will continue efforts to move towards certification of personnel working in the industry.

Employee support is critical when undertaking measures to improve quality, service, increase profitability and employee satisfaction. We will therefore encourage the private sector firms in the tourism sector to give their employees a bigger say in business process re-engineering.

In the process of formulating plans for select niche markets, we will identify what jobs can be created to cater for existing and potential new niches, what skills are required and what training is needed – this with a view to further supporting and sustaining growth in these niche markets.

We will work with unions and employer representatives to establish how work patterns can be improved to facilitate entry into the labour market in tourism, particularly how the sector can provide further opportunities for women to work. We will favour initiatives such as the introduction of child-care facilities, flexible rosters and shifts that may be adopted by the private sector to attract employees who may, otherwise, be unable to work in tourism.

We intend to work together with the industry to generate more tourism professions, rewarding employment initiatives, safeguarding an attractive, high-status working environment with competitive pay, rewarding equal pay for equal work and healthy working conditions.

We will work with International and Maltese Training Institutions and Universities to further enhance language skills and knowledgebase amongst people working in the tourism sector.

We will contribute to the formulation of a green job strategy by encouraging tourism activity to preserve or restore environmental quality, creating green jobs in the sector.

We want to help the industry better understand and manage diversity of its employees and of its guests.

We will continue to invest in our younger generation through an educational campaign on tourism, through increasing awareness of job and career prospects in tourism.

We will seek to address the oft-prevailing perception that hospitality and service are jobs for low skilled and less educated workers, students or foreigners or a last-resort job when no alternative is found. Hospitality and service jobs are important and key to service industries and can offer satisfying jobs and a professional career.

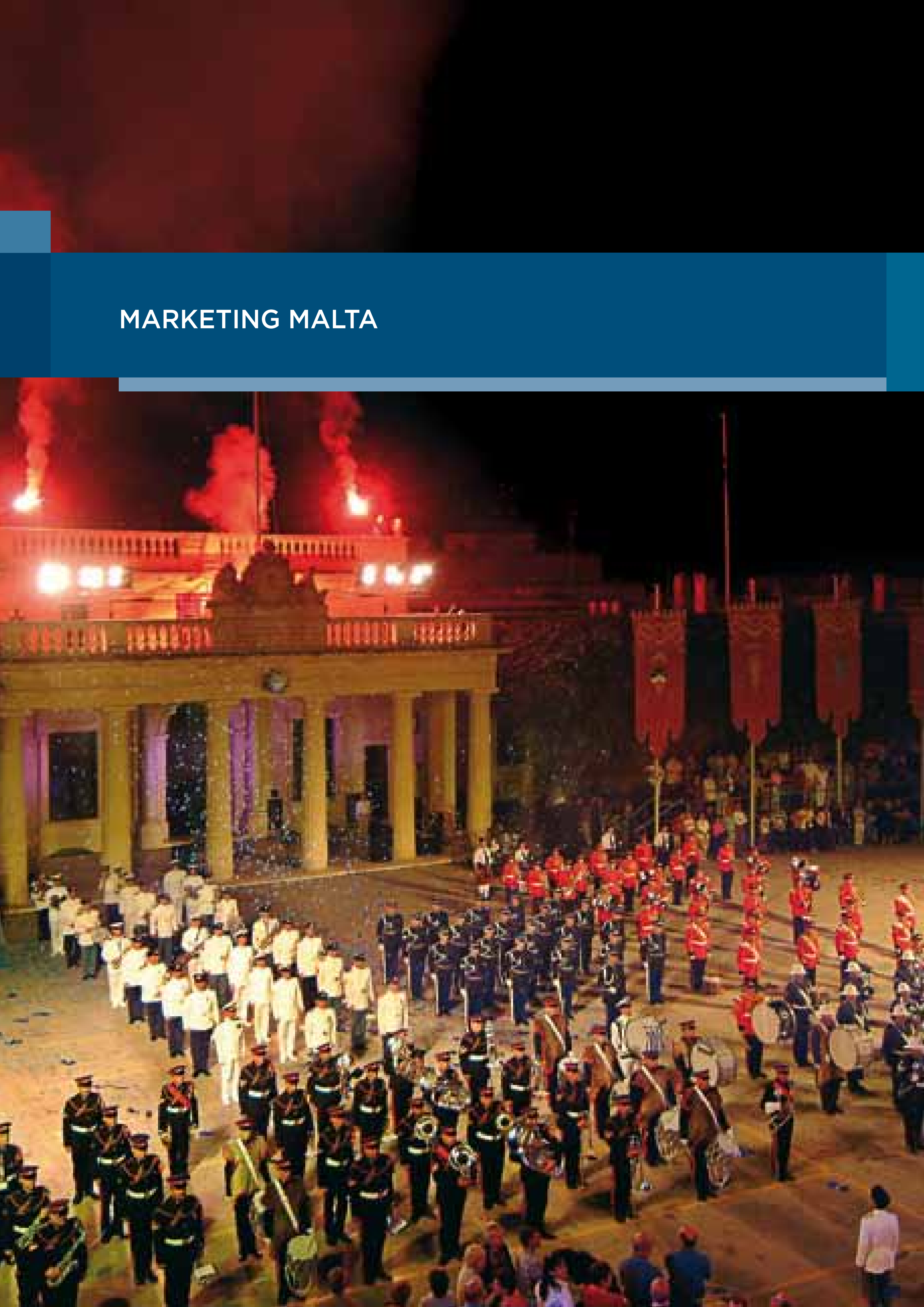
We will work with employers and Unions to ensure that the industry offers the right conditions to attract and retain skilled professionals. Based on the conclusions of the tracer study which is envisaged to take place by MTA, we will draw up a list of actions to be undertaken to reduce outflows from the tourism labour market.

It is our policy to identify and to safeguard human resource management practices as these play a strategic role in the overall improvement of our tourism product and in the market positioning of tourism at the level of the industry and that of the destination.

We will promote a service culture to complement the tourism product on offer with a view to providing a memorable experience to our visitors. We seek to entice visitors to consequently recommend Malta to others providing the strongest form of marketing.

We believe that employees working in the tourism industry are critical brand communicators and that through their attitudes, skills and aptitudes they contribute to communicate an effective message and image about Malta and Gozo. MTA will continue to encourage the private sector to invest in staff development and training and we will continue to reward the efforts of those employees who excel in the delivery of their service by communicating a positive image about Malta and Gozo.

MARKETING MALTA



Marketing Malta

MTA is the Maltese organisation entrusted with the international marketing of Malta as a tourism destination. Its budget represents the single largest tourism marketing investment on behalf of Maltese tourism.

MTA marketing, features a complex mix of activities aimed not only at stimulating interest in Malta through pictorial and textual information but also at translating and converting that interest into sales, gradually building a brand for Malta. The marketing activity attempts to achieve the delicate balance between frequency and visibility and strives to utilize different media depending on the segment being addressed. Modern destination marketing needs to recognize that potential customers in the major urban catchment areas have a very short attention span and hence needs to present attractive offers which can be converted into short term sales before the marketing impact is lost. This necessitates a continuous advertising presence on various media ranging from online to traditional, from outdoor to television, newspaper and magazine. Linking the advertising with travel trade partners such as airlines, tour operators and the accommodation sector has been found to increase sales potential.

Whilst advertising remains a very important and integral part of marketing, it cannot exist in isolation and is certainly not enough on its own. The MTA's Marketing Plan therefore envisages a mix of other marketing activities, aimed at both the consumer and the travel trade. These range from joint marketing activities with airlines and tour operators, to a very effective public relations campaign aimed at generating exposure for Malta on television, radio, press and online media as well as Malta's attendance in the major trade and consumer tourism fairs. All of this is supplemented by a segment-specific set of marketing activities covering a wide range of motivational touristic interests ranging from leisure to Conference and Incentive Travel (CIT), Scuba Diving to English Language Learning and from History and Culture to sports, wellness, short breaks, weddings and honeymoons, casino and cruise and stay, amongst others. Generic advertising primarily aims to attract tourists to Malta, the country. This is supplemented by an element of Gozo-specific advertising with a view to establishing the sister-island as a destination in its own right. The importance of Valletta as symbol of Malta's dimension as a city-destination is a further facet which requires further development and exploitation if the country's potential as an off-peak, city-culture and short-break destination is to be further realised to the obvious benefit of a healthier seasonal spread, better aircraft and accommodation utilization and a more stable tourism employment market.

To achieve all of this MTA operates on a marketing team which operates both from Head Office and via an overseas network. The Head Office team benefits from an in-house Research Unit, a set of segment teams covering Tour Operating & Leisure, MICE, History and Culture, English Language Learning, Scuba Diving, Sports, Cruise and Growth Markets. A Gozo-specific unit strives to market Gozo as a destination in its own right and collaborates with stakeholders on Gozo including the Ministry for Gozo (MGOZ) and the Gozo Tourism Association (GTA) to increase tourism opportunities for the island.

On the overseas front, MTA operates a network of own-offices and representatives which are supplemented by a public relations agency network. MTA possesses three major own-offices in Frankfurt, London and Rome together with two smaller ones in Vienna and Zurich. These offices are supported by a network of representatives in a number of cities including Paris, Brussels, Moscow, Madrid, Stockholm, Warsaw, Prague, Budapest, Dubai and Tokyo. These representations range from fully dedicated setups to services delivered to MTA by organizations dedicated to wider tourism promotional activities in the countries concerned.

As already indicated, the overseas office network's work is supplemented by a number of public relations agents and consultants whose major task is to source opportunities for additional media exposure. Such exposure complements the marketing message by adding depth and detail to the advertising, particularly in segment marketing, and is acknowledged to play a very important role in the decision making process of visitors to the Maltese Islands.

There is a noticeable shift from advertising on traditional media to online advertising, although the former still maintains, and is expected to continue to maintain, a very important role in the overall mix for the years to come. Whereas, as recently as 2007, the online component accounted for a marginal 3% of MTA's advertising budget, in 2011 this climbed to around 24% and is expected to keep increasing in the coming years. Online advertising is seen as complementing rather than replacing traditional advertising and the mix of the two depends on the demographics of the market being targeted. Markets which still attract an older and more traditional client base still require a solid base of traditional media advertising while others which comprise younger travellers require a more innovative mix of media.

Online advertising is a rapidly evolving medium owing to the fast pace of change and development in this area, and it is imperative that the MTA's strategy adapts to these changes as effectively as possible. It differs from traditional advertising via its capability for interactivity as opposed to being static and can assist in the very precise targeting of identified groups of special interest travellers by making full use of available technologies.

The current nature of the market has led to another important change in the way advertising is carried out. Traditionally, most people used to take a main, annual, peak-season holiday with a smaller minority affording a second off-peak trip. Such a predictable pattern was enhanced by a number of school breaks and holidays which created very welcome short term bursts of off-peak business together with winter senior travel which was often equated with low cost long stays. All of this has rapidly changed as travellers from Malta's major source markets now prefer to segment their year via a set of shorter trips which are often decided upon only a few weeks prior to departure.

Such a shift has brought about a very strong change in booking patterns, and has, in turn, necessitated that marketing, and advertising in particular, change to respond to such a shift. Whereas, until recently most destination advertising concentrated on a few concentrated weeks from around January to March for summer business and from September to November for winter business, it has now become necessary to be present all year round owing to the late booking nature of the market. This is a development which places a huge stress not only on budgets which are now expected to allow for year-round advertising schedules, but also on budgetary planning to ensure that the right mix of frequency and visibility continues to be maintained and that fine tuning is allowed to take place to respond to changing market conditions, be they positive or negative. Thus, for instance, a signal from the market that flights for the forthcoming period are already heavily booked would see an analogous reduction in advertising. On the other hand, low booking patterns generally call for additional advertising effort aimed at stimulating increased demand for unsold seat and bed-stock.

This therefore creates the need for an overlapping media presence to expose Malta's travel offer to alternating sets of generic and specific audiences. This takes place through generic and segment-driven marketing and promotion on a mix of media, both online and traditional, and comprises both advertising and public relations efforts. It can include image advertising, advertising aimed at channelling bookings to suppliers, co-branding, endorsement by well known personalities and special offers. Whilst public relations are used to provide the in-depth detail, advertising acts to provide the stimulus to convert interest into sales.

Online versus traditional media

Tourism advertising has changed radically over the past years with online advertising taking on a more predominant role. A report published by the United Nations World Tourism Organization (UNWTO) entitled 'Policy and Practise for Global Tourism' lists the following benefits of e-marketing:

- It allows users to experience dramatic imagery and animation, as well as enhanced communication and interaction;
- It can deliver detailed information in a low-cost, timely, location sensitive, user-friendly way;
- It can allow businesses to research and to improve brand awareness;
- It enables rapid, frequent two-way interaction between businesses and customers – and between customers and like-minded customers;
- E-Marketing provides the ability to engage with customers on a one-to-one basis whilst still using one-to-many methods.

These benefits are leading National Tourism Organizations (NTOs) and the travel industry in general to use more and more online media ranging from dedicated websites to social networks, even if other traditional forms of advertising still remain in use. The rapid changes in the infotainment industry make it difficult to predict what the future has in store. The trend and products that are becoming available online seem to have blurred the demarcation lines between traditional and online media to the point where it will be difficult to define what is television and what is internet. According to a report by Ad-ology Research carried out in 2009, (39%) of Americans are using online media to research their choice of travel services. Online media topped traditional media, which influenced 27 percent of travellers and 32.7 percent of those visiting local attractions. Social media was the most influential on the 18-to-24 year old demographic. In the US and Europe, the products most commonly sold online are travel related services (Forrester Research 2007, 2009; Red, es 2009). According to a study "Internet 2008" (BBVA, 2008) 68.3% of internet users based their travel decisions on information they obtained from the internet even if only 13.5% actually bought the service from the internet. During 2010, 53% of all outbound holiday trips in Europe were booked on the internet, an increase of 5 percentage points on the previous year (source: European Travel Monitor). These statistics clearly show the increasing importance of the internet in effecting travel decisions and generating sales.

The pattern of travel is changing. The previous model of long annual holidays is being replaced with shorter, more frequent holidays. This brings about a need for continuous advertising as against the previous accepted model of strong bi-annual bursts of advertising. The shift on year-round advertising favours the internet over other means since this medium is much more cost effective, targetable and affordable than traditional media.

MTA, given its budget, will remain the major player when it comes to promoting Malta's tourism offer. The same cannot be said for the online medium where the relative ease and low cost with which one can establish a web presence has led to a proliferation of web presences promoting Malta as a tourism destination.

Web marketing is in a continuous state of flux with constant additions, innovations and opportunities. This results in short product life-spans necessitating a fast-reacting setup to produce applications which can be redeemed financially within a short timeframe. Developments in terms of the reported shift from traditional PCs to mobile and handheld units such as tablets also need to be kept in mind when developing systems and applications on this most important medium. Malta needs to establish itself at the cutting edge of these developments. Surveys carried out by the MTA show that the internet's influence in determining the choice of a holiday is increasing. In 2007, 17.9% of respondents cited the internet as the most influential media. This went up to 21% in 2008, 23.6% in 2009 and 25.6% in 2010. The internet is at par with the other major influential forces namely: recommendations by friends and relatives (which hover around the 30% mark) and previous visitors (which averages at around 26%). Traditional forms of media such as TV, radio and publications are all below the 5% mark. Already 94% of current tourists visiting the country use the web for travel information and 80% purchase at least some components of their trip online. These shares are bound to grow and the destination, public and private sector included, needs to ensure that Malta is present as early as possible in all the new developments affecting this medium.

POLICY RESPONSES

To strengthen the marketing platform of Malta and Gozo, consolidating the role of existing source markets and exploring opportunities for growth from emerging third markets. MTA's marketing efforts will continue to ensure that appropriate media are used to target the different markets and conveying an appealing and convincing message to potential travelers highlighting elements of the tourism offer including our people, our lifestyles, our food, our history and our culture.

To continuously align MTA's marketing efforts, including those relating to the segments and to market developments.

To support the growth of independent travelling, dynamic packaging and relational tourism and to encourage the multiplier effects that may be enjoyed by local communities from these new trends in tourism development. We will continue supporting tour operator business which is key to the operations of certain categories of accommodation and which represent a significant percentage of shoulder months' business.

With the aim of increasing visibility, we will explore ways of using innovative computer technology, internet, search engine optimisation, electronic commerce and electronic business facilities and other technologies as key tools to widen information access and provision, secure bookings and increase tourism demand to Malta and Gozo. The private sector needs to invest in these tools.

It is our objective to facilitate the adaptation of the sector and its businesses to market development in new information technologies, enabling stakeholders to improve their competitiveness by making use of possible synergies between ICT and tourism.

Complementary initiatives

While acknowledging that in the case of a small country like Malta, the national tourism body's promotional budget represents the single largest and most important marketing fund available to promote the country, the importance of additional coverage generated by a range of players in the industry in complementing the MTA's marketing effort can never be discounted. There is higher scope for joint marketing initiatives between the Malta Tourism Authority and the private sector. Government has launched a specific scheme that rewards marketing initiatives undertaken by the private sector whereby the amount invested by tourism operators specifically on marketing would be topped up by Government from national funds. Operators such as MIA, hotel chains and individual accommodation establishments, airlines, destination management companies, language schools and tour operators all play an additional role in promoting Malta's tourism offer in the international market place. The same applies to other initiatives undertaken by public entities, foremost amongst which are activities to attract investment and financial services. Work carried out by all these institutions all help expose Malta's name, attractions and facilities, ultimately leading to greater awareness and interest in the destination.

POLICY RESPONSES

It is our policy to work with other public entities and private enterprises to undertake joint marketing initiatives, combining resources and creating synergies with a view to marketing Malta.

It is our policy to maximize the potential for tourism arising from the fact that Valletta shall host the European Capital of Culture (ECOC) in 2018, if Valletta's candidacy is authorized by the European Commission in 2012. We are building up to host this event through efforts which started being undertaken years in advance and which were initially steered through the Inter Ministerial Committee on ECOC and now by the Valletta 2018 Foundation.

Whilst Malta generally markets itself in a stand-alone fashion to tourists residing mostly in other European countries, there are arising opportunities for the island to integrate itself more firmly and aggressively in initiatives, such as those carried out by the European Union and the European Travel Commission, to promote the Continent as a combination of complementary though distinct destinations. This refers mostly to the long haul markets including traditional ones such as North America, Australia and Japan together with emerging ones such as the BRIC markets. The major challenge here is to find suitable means of collaborating with a diverse range of other European countries, some of which already have strong footholds in these emerging markets. This task is rendered difficult owing to the different stages of development of different countries which often results in the leading destinations reaping most benefit to the detriment of the remaining countries which remain lagging behind.

Given this scenario, and Malta's long-term potential in these emerging markets which will initially feature much a stronger interest in the major European destinations, a clear strategy aimed at maximizing exposure, capitalizing on activities and keeping investments commensurate with expected returns is highly recommended. International marketing in far-flung source markets, where knowledge of Malta is generally close to nothing, is a highly challenging task, and can lead to the expenditure of substantial funds featuring very limited return unless based on the execution of a very precise plan.

POLICY RESPONSES

It is our policy to agree with the EU's promotion of Europe as a collection of sustainable and high-quality tourist destinations, and support those efforts that enhance this profile, particularly with emerging third countries, as these are key in retaining the competing edge of Europe as a prime destination worldwide, attracting additional tourism to Europe.

If Europe is to be branded as 'Europe - a never ending journey,' each Member State would need to complement this initiative with actions undertaken by its NTO. Hence, it is our policy to call upon the EU to complement the European branding exercise by common activities, including development of promotional material for member states to build on the European brand, which simultaneously allows for promoting the specific destination.

It is our policy to call upon the EU to undertake measures which are critically important and need to be given further attention, particularly those situations where the EU can collaborate with other institutions, including the improvement in visa handling rules, availability of flight connections to and within Europe, widened access to travel and information dissemination in third-country markets. In this regard, it is our policy to give priority to the improvement of European Visa handling rules and support proposals to facilitate travel logistics for groups requiring a Visa when travelling on holiday to Europe as suggested by European Commission Vice President Antonio Tajani during the European Tourism Forum held in Malta. We believe that improvement in visa handling rules can contribute strongly to strengthen cooperation with BRICS and Mediterranean countries.

It is our policy to call upon the EU to develop and discuss a strategy for promoting 'Europe - a never ending journey'. Such strategy should be based on the socio-economic and environmental data forthcoming from UNWTO, OECD, ETC, EU and its initiatives (including the virtual tourism observatory), member states, universities and other institutions. This strategy is to improve the effectiveness of tourism promotion in third-country markets for Europe and its member states.

It is our policy to maximize the potential for tourism arising from the fact that Malta will hold the EU Council Presidency in 2017, putting tourism higher on Europe's agenda.

Marketing approach in view of competition

MTA's experience over the past few years has shown that the best results can only be achieved through a targeted, persistent, multi-channel marketing strategy which not only stimulates interest but also leads to sales. One, which not only understands the demands of the customers whose business it is trying to attract, but also synergises with the wide-ranging needs of the suppliers who provide the services to the tourists which it attracts. Tourism destination marketing poses great challenges given that the agency carrying out the marketing has no control over any of the components of the marketing mix, but is merely acting on behalf of their general well-being with a view to maximizing overall economic performance.

Any successful marketing strategy needs not only to communicate a credible message to its target audience, but also to rise above the offers and promises emerging from the competition. Thus it needs to be aware of what the competition is saying and how it is performing so that it counters changes and threats emerging from constantly shifting strategies aimed at driving customers to different destinations. MTA's marketing strategies over the past few years, have been based on generating adequate airline seat capacity, promoting it effectively whilst simultaneously undertaking a continuous programme of soft and hard product development and upgrading. Malta's higher-than-average tourism results which have outperformed both European and Mediterranean performances are testament to MTA's marketing success. MTA marketing has also helped improve Malta's competitiveness by widening the age-base of Malta's visitor profile, bringing the country's tourist profile much closer to European averages in terms of socio-economic profile, length of stay and motivational preferences. This has resulted in the attraction of increasing numbers of independent travellers who select the destination out of preference rather than mere availability.

The extension of tourism's seasonal spread has also been a major achievement of the applied strategy. Increased seat capacity via the launch of year-round operations has helped channel growth outside of the peak months so that during 2011, seven months will have attracted well over 100,000 tourists each month while in October 2010, tourist departures equated the volumes attracted in July 2008. While these trends have proven extremely beneficial to the Maltese tourism industry, Gozo has regrettably lagged behind from enjoying these benefits and efforts need to be undertaken to ensure that the island's tourism performance becomes more in line with those on the mainland.

The one certainty is that the future will be different. What is worth noting is that it will be different in an exponentially fast way. The rapid development of mobile technology will have a huge impact on consumer buying behaviour, on information provision and accessibility and on marketing itself. Suffice it to state that whereas only five years ago e-marketing was a specialized niche aimed at a minute segment of the market, it has already carved itself an important share of marketing budgets and will become the mainstream medium within the next few years.

Travellers are bound to be more informed and experienced and will know exactly what to expect from a destination. Safety, environmental awareness, uniqueness and authenticity will be in increasing demand together with a higher demand for innovative experiences.

Competition will continue to increase and the deficit between excess supply and lower demand will need to be catered for through the attraction of new flows from markets further away. In the case of Malta, opportunities also exist in as-yet-untapped neighbouring countries, particularly those in the North African littoral, whose political changes may eventually lead to the creation of a travelling population. Fuel prices and controls on aviation may dampen long haul flows by imposing taxation regimes based on distances flown, hence the importance of developing untapped markets closer to home.

POLICY RESPONSES

It is our policy to adopt a marketing approach which targets particular markets in line with Malta's tourism policy. This with a view to achieving tourism demand for Malta and Gozo, also addressing seasonality.

It is our policy to monitor the competition, competitors' policy responses, marketing strategies and tourism product developments.

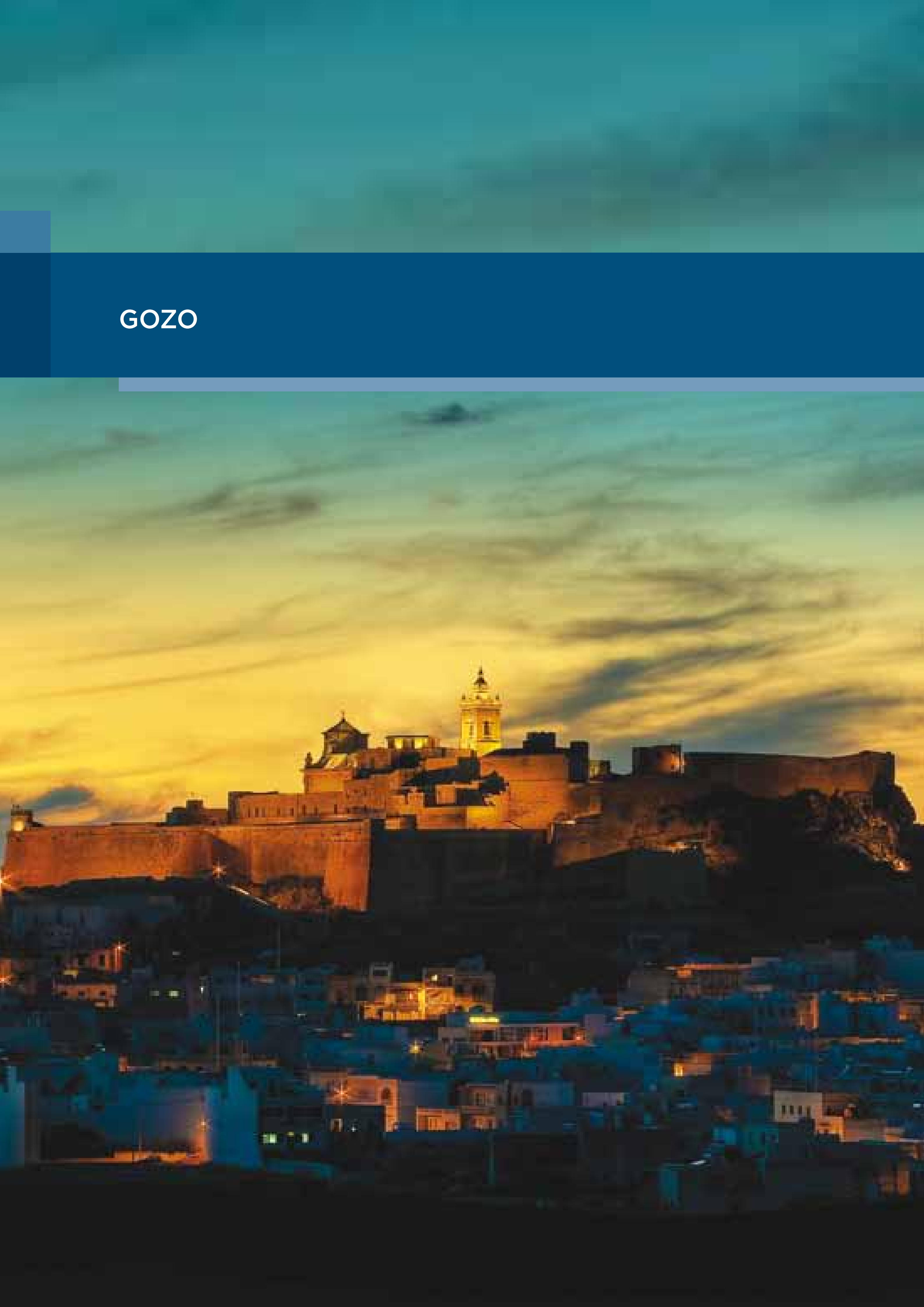
We will support national policies and initiatives which ensure a high level of environmental conservation and awareness as well as those which maintain Malta's cultural, social and environmental resources.

It is our policy to facilitate adaptation to challenges posed by the market and those presented by the destination's competitors.

MTA will promote short winter breaks to Malta through a three fold approach, mainly by:

- showcasing Valletta as city break destination;
- by focusing on the potential of Malta as a rural destination; and,
- by presenting Gozo as an ecological island distinct from Malta.

GOZO



Gozo – An ecological island

The island of Gozo is an important component of the tourism product of the Maltese islands. The island's economy is not as diversified as its Maltese counterpart and tourism assumes an important economic function, both in terms of providing employment opportunities for Gozo's residents as well as providing a sustainable rationale for the successful actualization of its status as an eco-island. Tourism in Gozo is mainly characterised by two forms of tourism activity, *Domestic* and *International* tourism, both of which impact positively on the social and economic well being of the Gozitan population. Gozitan tourism possesses great strengths in areas such as quality accommodation (both collective and farmhouse-style self-catering), wellness, relaxation, scuba diving, and outdoor activities. Gozo's potential as a destination for rural tourism is relatively untapped.

Gozo's distinct nature means that it attracts tourism flows that vary substantially from those of the main island, including the attraction of domestic tourism flows, apart from huge volumes of day trippers from Malta and a fledgling port-of-call cruise segment.

The Environment is Gozo's main asset, contributing to the well being of the island's population and attracting visitors to the island. A clear vision was set for Gozo in 2009 when Government encouraged decisions based on eco principles, and presented the island as a model for sustainable living, development and environment protection. This vision is to be reflected in the Local Plan for Gozo facilitating the island's development as an eco-destination.

The National Tourism Policy for Gozo complements the planned vision identified by Government and touches upon a number of priorities which were set for the island. These include:

- Making Gozo a distinct and unique tourism destination;
- Building on the competitive value of the island by presenting and simultaneously safeguarding its natural ecological and biodiversity assets;
- Foreseeing the independent development of the island in terms of its regional distinctiveness;
- Ensuring continuous development of the island from an environmental, economic and social dimension;
- Promoting the growth of rural tourism business in order to increase interlinkages between the rural setting, agricultural sector and the tourism industry;
- Focusing on the creation of nature-based and heritage trails across the island in order to enable visitors and tourists to live the rural experience;
- Attracting investment initiatives that provide wider accessibility and which facilitate the growth of new niches;
- Facilitating the continuity of traditional trade together with the innovative setting up and development of trade museums, while promoting craft courses and other courses related to both tangible and intangible heritage.

The Tourism Policy for Gozo focuses on sustainable development goals including:

- The integration of sustainability concerns by businesses and awareness raising for tourists;
- Effective marketing strategies that reinforce Gozo's potential as a distinct, diverse and yet complementary destination to mainland Malta;
- Responsible management and spatial land use tourism planning;
- Due considerations about the critical economic importance of tourism for Gozo and the reliance on innovative investment opportunities that contribute towards an effective rejuvenation of the product and its total leniency with the eco- Gozo concept;
- Pursuing tourism development on a scale and in a manner that ensures its long-term viability; does not degrade or alter the environment (human, physical and natural) in which it exists to in a way that prohibits the successful development and well being of other crucial activities on both islands;

- Creating the right environment to maintain existing employment and support the growth of new employment opportunities – support training, retraining and continuous professional development.

The strategic objectives identified for sustainable tourism development in Gozo are expected to contribute towards a number of benefits, namely:

- a better quality of life and a caring society for all;
- a tourism industry that exerts less pressure on the environment;
- increased employment opportunities in the tourism sector (including green jobs) and increased viability of existing jobs;
- higher quality investment coupled with more effective planning by local and foreign tourism operators;
- attracting tourism investment that valorises the island's identity.

Tourism product in Gozo

A number of initiatives were launched by Government in 2010 purposely to improve the tourism product for Gozo. Some of these projects included the continuation of the master-plan for Ċitadella, the rehabilitation of valleys and management of waste, the transformation of the Żewwieqa area in Imġarr as a promenade, the rehabilitation of the Villa Rundle Gardens, the facility upgrades and the refurbishment process of the Gozo General Hospital, amongst others.

Other initiatives were proposed by the Ministry for Gozo in the *Eco-Gozo Document – A Better Gozo* also with a view to obtaining a positive improvement in the tourism product offered to visitors and tourists. A good number of these initiatives which are referred to hereunder have been introduced while others are still currently underway:

- Market analysis to identify the different components of the island's product available for the sector;
- Creating additional infrastructure for temporary yacht berthing facilities whilst exploring the possibilities of permanent and new berths;
- The launch of the visitgozo website (http://www.visitgozo.com);
- Expanding other intensive marketing strategies for Gozo and supporting the festivals and cultural events through effective marketing;
- Creating awareness amongst the student population about the eco-Gozo strategy;
- Promoting the introduction of the fishing experience in Gozo; and,
- Adopting a rural-tourism policy for Gozo.

POLICY RESPONSES

It is our policy to promote a sustainable tourism industry that respects both the natural and the human environment, contributing to the development of the economy and supporting environmental consciousness.

The National Tourism Policy encourages tourism operators to integrate investment that offers a shift towards an environmentally responsible attitude and towards a greener economy.

We will adopt visitor management techniques to address overcrowding impacts caused by tourists in specific visitor attractions such as Ta' Pinu and Ggantija.

It is our policy to support and/or undertake the maintenance, embellishment and upgrading of specific areas in Gozo including:

- **villages and town centres;**
- **cultural attractions, fortifications and heritage sites, including landmarks of pristine value that are located in rural areas;**
- **tourist areas and resorts; and,**
- **natural attractions which constitute part of the rural tourism attractions in Gozo.**

Different accommodation mix

Gozo's supply side differs to that of Malta and is characterized by an accommodation sector which, apart from featuring a heavy dependence on self-catering (62.8% of total licensed beds), rather than, hotel accommodation (37.2% of total licensed beds), also suffers from lack of economies of scale due to its relatively low share of national tourism bed-stock.

POLICY RESPONSES

Efforts should be made to counter the fragmentation of Gozo's supply side through the creation of effective mechanisms to make them more competitive.

It is our policy to see that tourism entities manage all resources affecting the tourism industry in Gozo in a responsible manner, ensuring that decisions taken are channelled towards long-term growth.

MTA and the Ministry for Gozo will join their efforts to revise the standards of farmhouses and other licensed self-catering establishments including domestic furnished premises and holiday furnished premises. MTA in consultation with the Ministry for Gozo will revise the standard of farmhouses and other licensed self-catering establishments including domestic furnished premises and holiday furnished premises. In carrying out this review, the MTA will consider the possibility of offering breakfast as part of their package offering.

Marketing initiatives undertaken to promote the accommodation offer should reflect the strengths of the offer and at the same time present a realistic image that enables tourists to feel satisfied with their choices. There needs to be a clearer definition and control of how licensed self-catering properties, particularly those termed as farmhouses, are labelled and advertised.

It is our policy to see that tourism retains its importance and share in the Gozitan economy as it provides a major stream of revenue which impacts positively on the social and well being of the Gozitan communities. We will work together with stakeholders to improve and add value to the Gozo experience by focusing on product and service competitiveness and also by reducing practices that impact negatively on value for money.

We will stregthen enforcement measures to curb unlicensed operations.

Marketing Gozo

MTA promotes Gozo in a variety of ways ranging from a fully dedicated section in the visitmalta.com portal which is in the process of being developed, into a stand-alone site with its own url to Gozo-specific sections on the Malta-stands of the major tourism trade fairs. Besides featuring in all generic advertising which lists the three island archipelago as Malta, Gozo and Comino, Gozo also benefits from its own set of specific advertising visuals which are adapted for different formats and usage ranging from online banner advertising to outdoor and print media. Over and above, Gozo also benefits from an extensive public relations programme which attracts a great number of annual press and television teams to cover the island's events and attractions.

POLICY RESPONSES

It is our policy to support the development of tourism activities that increase the sector's contribution to the Gozitan economy, by increasing tourism earnings, domestic and international tourism, per capita expenditure, distribution of income and multiplier effects increasing Gozo's competitive advantage in line with the principle of eco-Gozo, whilst retaining Gozo's characteristics and adopting responsible practices and processes.

It is our policy to support the development of tourism related activities that contribute to support the principles of responsible travel and sustainable development (such as the green passport for tourists, green awards for those hotels attracting the highest amount of green tourists), the generation of employment (such as green tourism jobs), awareness about the industry and eco principles.

It is our policy to support investment which is in line with the development of Gozo as an eco-island, respecting the island's built and natural heritage and its people, generating benefits on the basis of sustainable development.

It is our policy to market Gozo as an eco-island, promoting the Gozo tourism brand, the countryside walks focusing on particular niche markets, with specific reference to rural tourism and diving tourism, ensuring an enriching tourism experience.

Widening awareness and dissemination of information about sustainable tourism in eco-Gozo.

In marketing Gozo as an ecological island, it is our policy to market the island as a unique rural tourism destination. The rural tourism policy is to direct such initiatives and developments. Within this context, it is our policy to target the following segments with a view to boost income generation from tourism and addressing seasonality in Gozo:

- **High-end, net worth, independent and discerning tourists seeking peace and tranquillity as offered by a rural environment;**
- **Relational tourists who are interested to build a positive relationship with the local Gozitan communities and with the Gozitan environment;**
- **Average spenders that may include families seeking holidays as offered by a rural environment;**
- **Groups of tertiary level students following courses or pursuing studies relating to rural environments, such as geography, environment, agriculture, crafts, tourism;**
- **Small scale conferences focusing on particular themes which blend in with the rural ambience, peace and tranquillity – e.g. small scale conferences on literature, art, environment, nature, agriculture, farming, crafts and artisan skills, organic farming.**

Product development in Gozo is to complement and support this policy as outlined in the rural tourism policy. Investments or initiatives which do not complement or form part of rural tourism are to be discouraged.

Promoting and supporting tourism niches

Gozo will promote its cultural niche by focusing on events, arts and crafts, outdoor activities, festivals, folklore, gastronomy, tangible and intangible heritage as these varying facets contribute to strengthen the cultural image of Eco-Gozo. Cultural niches of critical importance for Gozo include religious tourism, and heritage tourism (land based and maritime heritage, tangible and intangible). Other important niches which generate high interest for Gozitan tourism include diving and sports tourism (such as climbing tourism, trekking and cycling tourism amongst others),eco-tourism, conferencing, wedding tourism, business incentives and boutique cruising.

Efforts are expected to take place to further diversify the offer by emphasizing on niche markets for Gozo, which contribute to mitigate the problem of seasonality, bringing about fairer distribution of income and at the same time contributing to widening the length of stay of tourists on both islands. Some niches which may have higher relevance for Gozo and which are currently under-explored include eco-tourism, eco-photography, arts and craft making tourism, bird-watching and geo-caching activities.

Eco-tourism

The long-term vision for tourism in Gozo is primarily based on a strategic shift from conventional tourism to relational tourism and one which foresees the growth of eco-tourism. In order to reach this objective, Gozo needs to capture current international trends in tourism demand and to maximize tourism stakeholders' efforts to attract a wider share of independent travellers. Independent travelling augurs well for relational tourism as this type of tourist is more prone to explore the destination and is continuously looking for unique experiences whilst interacting with the community and its people.

POLICY RESPONSES

Tourists visiting Gozo should have the opportunity to benefit from the island's unique assets and should equally benefit from an optimum ecological product. All tourism service providers including transport providers, accommodation and catering establishments, visitor attractions as well as retailers need to ensure that their respective offer is in line with eco principles and this will in turn contribute to attract tourists:

- **who are willing to engage in responsible practices whilst residing in Gozo;**
- **who reduce, re-use and re-cycle waste practices;**
- **who make use of public transport and green transport modes such as bicycles and walking;**
- **who consume locally produced food;**
- **who show respect towards the lifestyle and culture of Gozitans - the authentic context of rituals, events special places and shrines; and,**
- **who behave appropriately without disturbing or disrupting the ecosystems in Gozo.**

Rural and agro-tourism

The rural landscape in Gozo is undoubtedly an important resource and provides an essential background for the tourism industry. A synergetic effect between the agricultural industry and service industries such as tourism, will definitely contribute toward creating effective interlinkages between both sectors.

POLICY RESPONSES

We will develop a rural tourism policy which takes into account Gozo's specificities and Gozo's potential for this market.

Culture

A solid and eclectic cultural infrastructure is an effective tool in brining about a thriving cultural and artistic scene in Gozo. The valorisation of culture, both by the Gozitans and by the visiting communities, contributes towards a vibrant cultural community, with the latter effectively leading to the overall enhancement of the cultural capital of Gozo. The valorisation of culture is considered an effective measure providing additional economic benefits and employment prospects, while contributing towards tourism product enrichment.

The culture of Gozo and that of the Gozitan community has been shaped by its geography, the level of insularity of Gozo with its sister island, by profound historical events and by foreign and international forces and groups. Government has earmarked the launching of projects that enhance value added to the cultural product through similar projects such as Crafts Incubation Centre and the Museum of Archaeology.

POLICY RESPONSES

The organization of cultural events such as Carnival, Good Friday and Easter festivities, Imnarja, Lejlet Lapsi, Notte Gozitana, the Victoria Arts Festival and parish feasts are highly effective in attracting international tourism and also appeal to domestic tourists who cross over to visit the island for short breaks.

There is higher scope for investment in operas, festivals, concerts and other initiatives that can support the set up of a consolidated classical music season, featuring international and local artists and musicians and we will therefore act in favour of measures that support such initiatives.

It is our policy to improve the domestic tourism market in Gozo by promoting the island as a relaxation destination for Maltese residents.

We will develop a specific cultural and heritage trail covering Gozo and Comino.

Diving, sports and leisure

Gozo boasts of a number of spectacular underwater sites unique for their geological formations and sheer drop-offs. Dwejra, particularly the Blue Hole area, are two important diving sites in Gozo, the latter considered as one of the top 10 dive sites in the Mediterranean. The clear and the relatively warm waters make Gozo an ideal all year round diving destination which attracts both amateurs and also technical divers. The Ministry for Gozo has carried out a critical project for the promotion of diving tourism in Gozo. This included the scuttling of two vessels at ix-Xatt l-Aħmar to act as artificial reefs which are sited at a sheltered area of the island ideal for diving almost all year round, the setting up of a decompression chamber and related facilities at the Gozo General Hospital, the training of personnel to deal with patients requiring hyperbaric intervention, the drawing up of a Master Plan for the diving Industry in Gozo and an advertising campaign on the most popular international diving magazines.

POLICY RESPONSES

It is our objective to work with the Ministry for Gozo on the implementation of the Diving Master Plan for Gozo.

The scuttling of various wrecks including the MV Carwela, MV Cominoland, AFM Patrol boat P31 contribute toward strengthening the aesthetic beauty of the Gozitan seabed through artificial reefs which are a major attraction to diving tourists. It is our policy to continue improving the diving experience for technical divers and amateurs.

It is our objective to improve the experience of other sports enthusiasts including ramblers, trekkers, joggers, cyclists, and people interested in horse riding. We will work with other Ministries including the Ministry for Gozo and the Ministry for Infrastructure, Transport and Communications in order to pursue all the required upgrades in road infrastructure.

Language learning market and field research groups

We believe that Gozo is a quality destination for English Language Learning in addition to being safe, quiet and having a number of established cultural activities.

POLICY RESPONSES

Additional efforts will take place by the Malta Tourism Authority to market Gozo in various source markets as a destination for English Language Learning for students, families and for elderly people.

Gozo's geographic formations can attract secondary and tertiary student groups travelling as part of their educational curriculum, as well as geography, sociology and tourism students. Additional efforts will take place by the Malta Tourism Authority to attract students who are pursuing studies abroad and who wish to conduct research in Eco-Gozo.

Cruise lining

The cruise offering that can be provided for Gozo is different from that of Malta. Whilst the Valletta Grand Harbour portrays the cultural value and historical significance of the Maltese Islands as well as the economic activity enclosed in the area, the Mgarr Harbour presents an interesting encounter with the tranquil and picturesque environment of Gozo.

POLICY RESPONSES

It is our policy to facilitate boutique cruising to Gozo targeting high value added tourists and to further promote the island's potential with cruise line companies specifically those which can attract small and medium sized cruise ships to Gozo. To further facilitate the development of this segment we will promote cruise line berthing facilities in Gozo such as those situated off Mgarr Harbour (which are used in cases of prevailing winds) and the existing bouy at Xlendi.

Health tourism

Due to its unique characteristics, Gozo can be marketed as a destination for post-operative treatment holidays, where one can relax and recover from medical operations through therapy treatments. At present, Gozo provides recuperation therapy forms such as yoga therapy and naturopathy.

POLICY RESPONSES

We will promote Gozo as a relaxation destination for post-operative and recovery treatment holidays.

Conferencing

Gozo offers high potential for small conferences and business travel. All investment in infrastructure, the natural environment, sports and culture, influences the CIT market positively.

POLICY RESPONSES

Additional efforts will take place by the Malta Tourism Authority to market Gozo as a destination that offers potential for important small scale conferences and also to attract group conferences for fieldwork and research.

Seasonality

Tourism to Gozo is much more seasonal than the national average for Malta, featuring a concentrated peak season, under-performing shoulder-month performances and a very quiet winter. Double insularity is also recognized as playing a very important role in the island's perceived difficulty in attracting higher volumes of tourists, although recent developments in terms of extended ferry timetables, ongoing investment in the ferry passenger terminals and improvements to the bus link with Malta International Airport have all served to diminish the traditional negative impact associated with this phenomenon.

Seasonality is still a reality which hinders the sustainability of the Gozitan tourism industry. The Ministry for Gozo, the Ministry for Tourism Culture and the Environment, the Malta Tourism Authority and the Gozo Tourism Association will continue to pursue additional investment in order to reduce the impacts of the seasonality problem in Gozo.

POLICY RESPONSES

Improvements in accessibility and infrastructure will be communicated more effectively to counter perceptions of Gozo's inaccessibility.

Tourism in Gozo

Table 17 breaks down the number of foreigners who visited Gozo during 2010 and 2011 into distinct categories.

	Number of Tourists	Share of Gozo visitors	Number of tourists	Share of Gozo visitors
	2010		2011	
Total Gozo	800,700		834,150	
of which day trip	698,850	87.3%	721,900	86..5%
A one night stay	7,780	1.0%	8,450	1.0%
More than a one night stay	94,070	11.7%	103,800	12.4%
Gozo based	67,300	8.4%	76,900	9.2%
Malta/Gozo trip	26,770	3.3%	26,900	3.2%

Table 17: Total Gozo Visitors
Source: Malta Tourism Authority

The table indicates that 834,150 foreign residents visited Gozo in 2011, although the vast majority of these, 721,900 or 86.5% were on the island as day trippers. The remaining 13.5% of visitors 112,250 may be defined as tourists, although 8,450 or 1. 0% enjoyed a mere one night minimum stay. Of the 103,800 foreign residents who stayed for more than one night, there is a hard-core of 76,900 whose holiday was mainly Gozo-based together with a further 26,900 who divided their trip on the Maltese Islands by combining a stay in both islands.

POLICY RESPONSES

700,000 day trippers per annum constitute a very important base of visitors who get a taster of what Gozo has to offer. Efforts will be made to reach out to these visitors to convince them to visit Gozo again as tourists.

Apart from foreign tourism inflows, one must also add domestic tourists which are difficult to quantify owing to a lack of specific statistics on the overall situation prevailing in this area.

Resident arrivals in collective accommodation in Gozo and Comino

Month	2007	2008 rev.	2009 rev.	2010 rev.	2011 rev.	% change 11/10 rev.
January	1,414	1,591	1,510	1,206	1,849	53.3%
February	3,356	3,492	3,194	3,232	2,391	-26.0%
March	3,533	4,379	2,739	3,042	3,866	27.1%
April	2,851	1,818	2,153	3,259	3,025	-7.2%
May	2,381	2,747	2,857	3,655	2,821	-22.8%
June	3,342	2,969	2,714	3,673	3,649	-0.7%
July	3,330	3,206	2,988	3,991	4,063	1.8%
August	4,084	3,873	4,137	4,352	4,231	-2.8%
September	3,441	2,793	3,470	3,550	3,352	-5.6%
October	1,793	2,146	2,404	3,235	2,746	-15.1%
November	1,869	2,623	2,127	2,558	2,454	-4.1%
December	1,978	2,037	1,932	2,656	2,717	2.3%
Total resident arrivals Jan-Dec	**33,372**	**33,674**	**32,225**	**38,409**	**37,164**	**-3.2%**

Table 18: Collective Accommodation by residents (2007-2011)
Source: National Statistics Office

The table above, refers to use of collective accommodation by residents, suggesting that, insofar as serviced accommodation is concerned, the number of domestic tourists to Gozo exceeded 37,000 in 2011, albeit with a length of stay which is roughly 42% of that stayed by non-residents. If one conservatively assumes that domestic tourists use non-collective accommodation in the same ratio as non-resident tourists, then this points to a further 43,000 domestic tourists using private, self-catering accommodation, once again at an average length of stay which is substantially shorter than that stayed by tourists.

POLICY RESPONSES

Domestic tourism promotion needs to be recognized for its scale and relevance and must feature in a more integral manner in an overall tourism promotion for Gozo.

An impact assessment will be carried out on the possibility of shifting certain public holidays to the nearest Friday to favour long-weekends.

Gozo has a high degree of dependence on the domestic market and efforts will be undertaken to determine the economic impact and the degree of reliance on the domestic tourism market.

Given the predominance of summer trips by non-residents coupled with the small size of the off-peak, short-stay market, it follows that the average Gozo-based non-resident length of stay is slightly longer than average (8.8 nights) as evident from the table below:

Gozo	Tourists	Guest nights	Average length of stay
One night stay	8,450	8,450	1 night
Gozo-based trip	76,900	676,720	8.8 nights
Malta/Gozo trip	26,900	833,390	3.1 nights
Total	112,250	768,560	6.8 nights

Table 19: Guest Nights and Average length of stay for Gozo tourists
Source: Malta Tourism Authority

In spite of this, tourists staying for one night and two-centre holiday-makers drag down the average Gozo length of stay to 6.8 nights which is shorter than that of the main island.

There is strong potential to broaden the base of the one-night stay and the two-centre holiday market, particularly during the off-peak period.

Total expenditure on ferry crossings has increased slightly from €4.3 million in 2006 to €4.34 million in 2011, and usage levels have increased from 50% to 57%.

Though the ferry service has improved considerably, there might be scope for increased efficiency in periods of peak demand (e.g. long weekends) to reduce waiting time and queues. Differentiated pricing could be considered to flatten the demand across different time periods spreading the peak across the day.

Ferry crossings and services depend on the port infrastructure which is a priority for Transport Malta (TM) which aims at improving maritime transport. The development of internal maritime transport infrastructure aims to provide a seamless connection for travellers between Malta and Gozo. Upgrading works on the Gozo side at Mġarr ferry terminal are now completed whilst construction works associated with the upgrade of Ċirkewwa ferry terminal aimed to improve the capacity and safety of the sea ferry operations terminal, and to improve the circulation and waiting facilities for passengers travelling on foot, by car or by public transport are on-going.

Consideration may also be given to additional travel options offered through other potential market opportunities, including linking Mġarr Harbour to other ports outside of Malta but one would need to consider any limitations or constraints.

Foreign tourist nationalities

The data below breaks down non-resident visitor inflows by main nationalities. Of particular relevance are the two columns (absolute and percentage) featuring stays of over one night (>1 night). They primarily indicate the relative importance of the British, Italian, German, French and Scandinavian markets.

	Day trip	1 night	>1 night	Total	Day trip	1 night	>1 night
					%	%	%
Total	721,900	8,450	103,800	834,150	86.5%	1.0%	12.4%
UK	195,500	2,000	27,900	225,400	86.8%	0.9%	12.4%
Rep. of Ireland	13,800	-	1,600	15,400	89.6%	0%	10.4%
Italy	112,400	1,700	12,100	126,200	89.1%	1.3%	9.6%
Germany	80,200	400	11,500	92,100	87.1%	0.4%	12.5%
France	66,800	1,500	7,900	76,200	87.6%	2%	10.4%
Spain	47,400	300	2,300	50,000	94.8%	0.5%	4.6%
Scandinavia	40,400	300	3,800	44,500	90.8%	0.6%	8.7%
Netherlands	23,000	300	4,700	28,000	81.9%	1.2%	16.9%
Belgium	19,300	400	1,600	21,300	90.4%	2.1%	7.5%
Austria	12,300	400	1,300	14,000	87.8%	2.7%	9.5%
Switzerland	14,100	-	3,400	17,500	80.6%	0%	19.4%

Table 20: Non-resident visitor inflows by main nationalities
Source: Malta Tourism Authority

However they also highlight the growth potential of a number of other markets such as the Irish, Austrian, Swiss and Spanish markets given the reasonably high share of tourists from these markets to the country which are already opting for Gozo as their main destination. This is an indication that Gozo already features a distinct image in these markets.

POLICY RESPONSES

Concentrate marketing efforts in the five identified big markets whilst increasing efforts in Ireland, Austria and Switzerland.

Socio-demographic characteristics

The current visitor to Gozo tends to form part of a married/co-habiting couple and has an average age of 51 years. This age group and status fit very well with the higher category offer which Gozo proposes.

Socio-demographics							
2010				2011			
	Marital Status	Age	%		Marital Status	Age	%
Single	12.0%	19-24	2.5%	Single	13.7%	19-24	1.7%
Married/Living Together	79.4%	25-34	10.8%	Married/Living Together	74.6%	25-34	7.3%
Divorced/Separated	5.7%	35-44	21.6%	Divorced/Separated	8.2%	35-44	20.9%
Widowed	2.9%	45-54	31.8%	Widowed	3.5%	45-54	29.1%
	-	55-64	22.5%		-	55-64	25.8%
	-	over 65	10.8%		-	over 65	15.2%
	Average age 49 years				Average age 51 years		

Table 21: Socio-Demographic Characteristics of Gozo Visitors
Source: Malta Tourism Authority

The socio-demographics of the current foreign Gozo-visitor point even further to a higher-than-average number of better category visitors than the main island. Gozo's foreign tourists are late middle-aged professionals travelling either as couples or with friends and family. This profile constitutes the nucleus of the current Gozo tourist.

Socio-demographics					
Occupation					
	2010			**2011**	
Director	5.7%	The majority of respondents were travelling with their spouse/ partner (55%), followed by family (23%) and friends (10%). The average number of people in travelling party was 2.	**Director**	4.7%	60% of respondents were travelling with 1 other person, whilst 30% were travelling in a group of more than 2 persons. The average number of people in travelling party was 2.
Manager	16.7%		**Manager**	14.0%	
Professional	18.7%		**Professional**	18.9%	
Office/retail worker	21.6%		**Office/retail worker**	23.8%	
Skilled worker/tradesman	3.2%		**Skilled worker/tradesman**	4.4%	
Manual worker	1.7%		**Manual worker**	0.9%	
Self-employed	12.1%		**Self-employed**	9.6%	
Student	2.6%		**Student**	0.6%	
Household	1.7%		**Household**	3.8%	
Unemployed	0.3%		**Unemployed**	0.6%	
Retired	15.8%		**Retired**	18.9%	
Average net income per month: €2,400			**Average net income per month:** €2,500		

Table 22: Socio Demographic Characteristics of Gozo Visitors
Source: Malta Tourism Authority

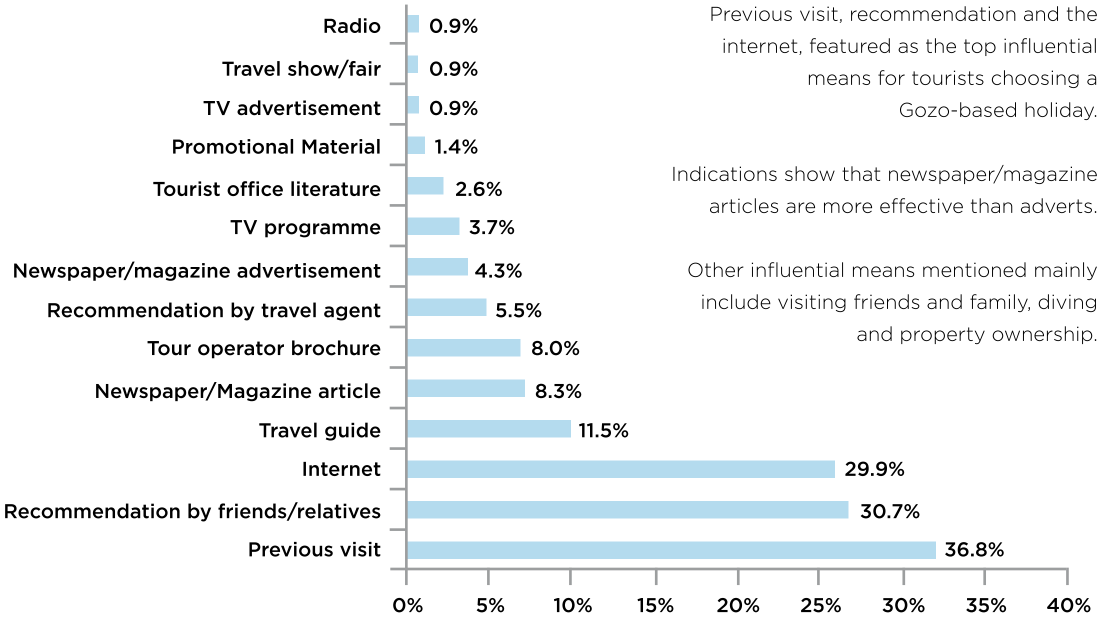
POLICY RESPONSES

It is our priority to build further on this strength by ensuring that Gozo remains attractive to this discerning tourist segment. Product development needs to be aware of the needs of these travellers and provide products and services which meet their expectations.

Decision making behaviour

Data on factors which have influenced the decision to visit Gozo by foreign tourists highlights three major factors, namely previous visit , recommendation and the internet. Other less important factors include travel guides, tour operator brochures, media articles and recommendation by travel agents.

Factors influencing decision to visit Gozo (2011)



Previous visit, recommendation and the internet, featured as the top influential means for tourists choosing a Gozo-based holiday.

Indications show that newspaper/magazine articles are more effective than adverts.

Other influential means mentioned mainly include visiting friends and family, diving and property ownership.

Figure 2: Factors influencing decision to visit Gozo (2011)
Source: Malta Tourism Authority

POLICY RESPONSES

Build a strong database of Gozo visitors to target repeat business and recommendation to friends and relatives. Make increasing use of the internet as the main medium through which to promote and advertise Gozo.

Booking patterns

In contrast to the later-booking tourists who are visiting Malta in increasing volumes, the current Gozo-visitor still tends to plan his trip and actually book it well in advance, quite some time prior to departure. This is a strength which needs to be cultivated further and retained as it gives suppliers advance notice of business: a luxury which not many mainstream operators elsewhere can continue to count on.

Booking Arrangements		
	2011	2011
	Time of decision	Time of booking
less than one week	3.2%	4.5%
1 to 3 weeks	11.3%	16.3%
1 month	11.1%	13.8%
2 to 3 months	31.3%	29.2%
4 to 6 months	23.2%	22.4%
over 6 months	20.0%	13.8%

56.9% of respondents took the decision to visit Gozo, 3 months or less prior to departure.

63.8% of respondents booked their trip 3 months or less in advance.

Table 23: Booking Arrangements
Source: Malta Tourism Authority

The above data also has strong ramifications on the timing of offers, promotional mailings and advertising as it is substantially different from the norm prevailing in Malta.

POLICY RESPONSES

Promotional activities relative to attracting foreign tourists to Gozo need to be cognizant of the early decision making/booking patterns relative to Gozo holidays.

First time and repeat business

Around one half of visitors to Gozo tend to holiday on the island following a previous visit to the Maltese Islands. This share is higher than the average for the Maltese Islands which stands at around one in three. The data points to a link with the importance of the day-tripper market as an important incubator for future Gozo visitors.

First time vs repeat	
• 48.1% of tourists staying in Gozo had visited the Maltese Islands on previous occasions	
Number of previous visits	**2011**
1 time	26.4%
2 to 3 times	23.9%
4 to 6 times	15.0%
7 times and over	34.6%
• 85.6% of repeat visitors had visited Gozo during their previous trip. 4.5% of repeat visitors had been to Malta on a cruise trip.	

Table 24: First Time vs Repeat tourism activity
Source: Malta Tourism Authority

It may also imply that Gozo depends more extensively on repeat business than Malta. Whilst this is a strength which has positive benefits for the Gozitan tourism industry, it also points to a heavy dependence on repeat business and a lower success rate in attracting new visitors.

POLICY RESPONSES

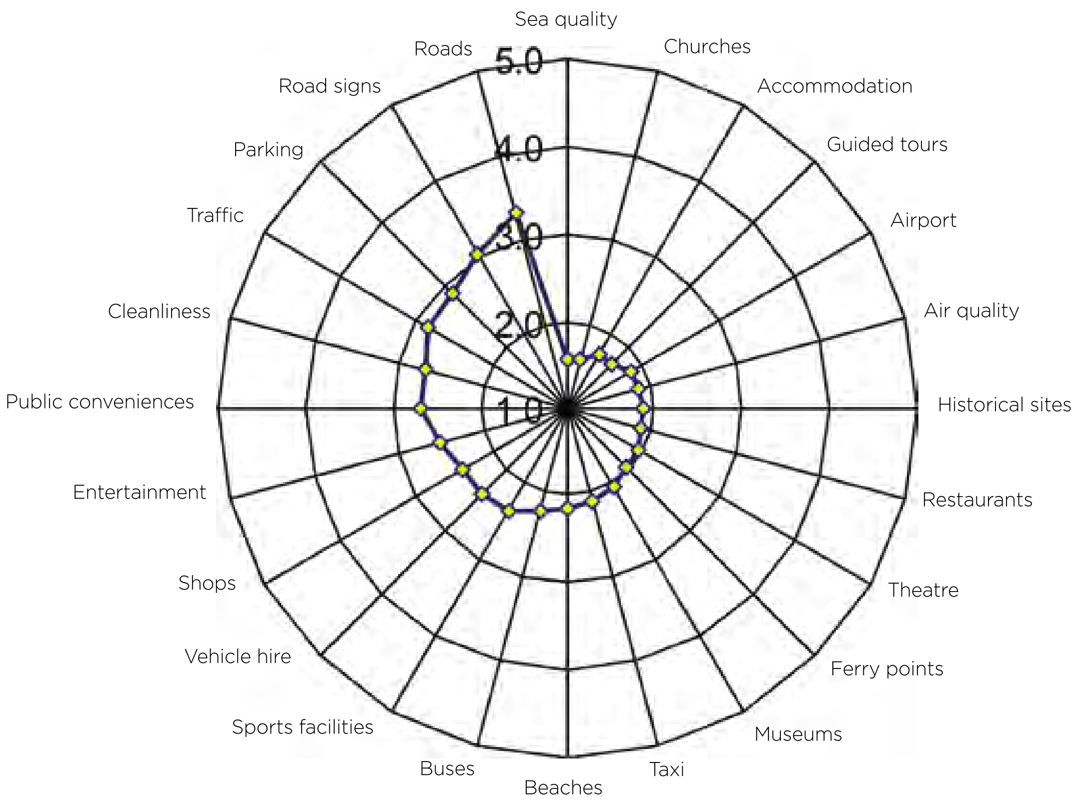
Take steps to nurture the repeat business component of Gozitan tourism.

Engage in efforts aimed at introducing greater numbers of first-time visitors to Gozo.

Rating of Gozo holiday

MTA survey data concerning the evaluation of the physical product and service received by tourists staying on Gozo, highlight the fact that generally, positive levels of service are better rated than some of the more problematic product aspects. This is a positive aspect that can normally assist in overturning the negative impact of a product which is not up to standard via the positive service received.

Rating of Physical Product - Gozo

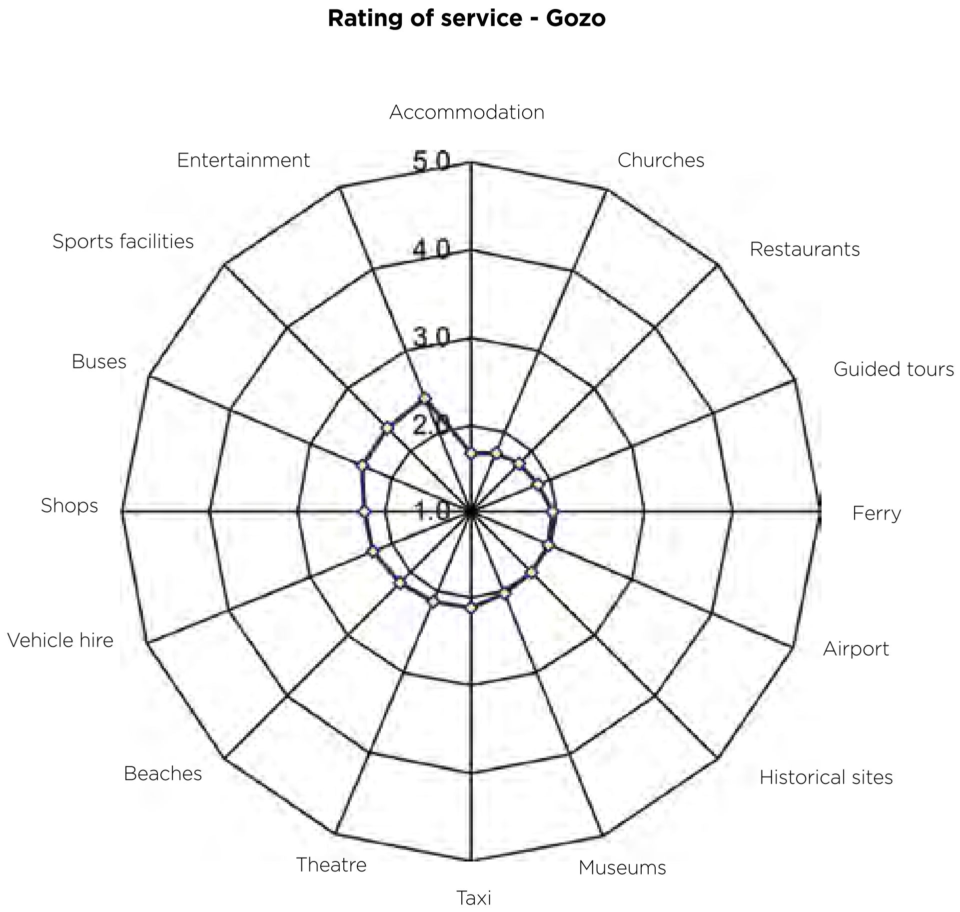


1=very good, **5=**very poor (the closer the average rating of component is to the centre, the better it is rated)

Figure 3: Product and Service Evaluation
Source: Malta Tourism Authority

Matters relating to roads, road-signs, traffic, parking, public conveniences and general levels of cleanliness top the list of negative experiences in terms of physical product, while at the other extreme, core tourism infrastructure including accommodation and catering, the island's historical and religious heritage and the quality of bathing water all score highly when evaluated by tourists.

There are mixed scores for aspects such as entertainment, transport services such as taxis and vehicle hire, retail outlets and ferry points.



1=very good, **5=**very poor (the closer the average rating of component is to the centre, the better it is rated)

Figure 4: Product and Service Evaluation
Source: Malta Tourism Authority

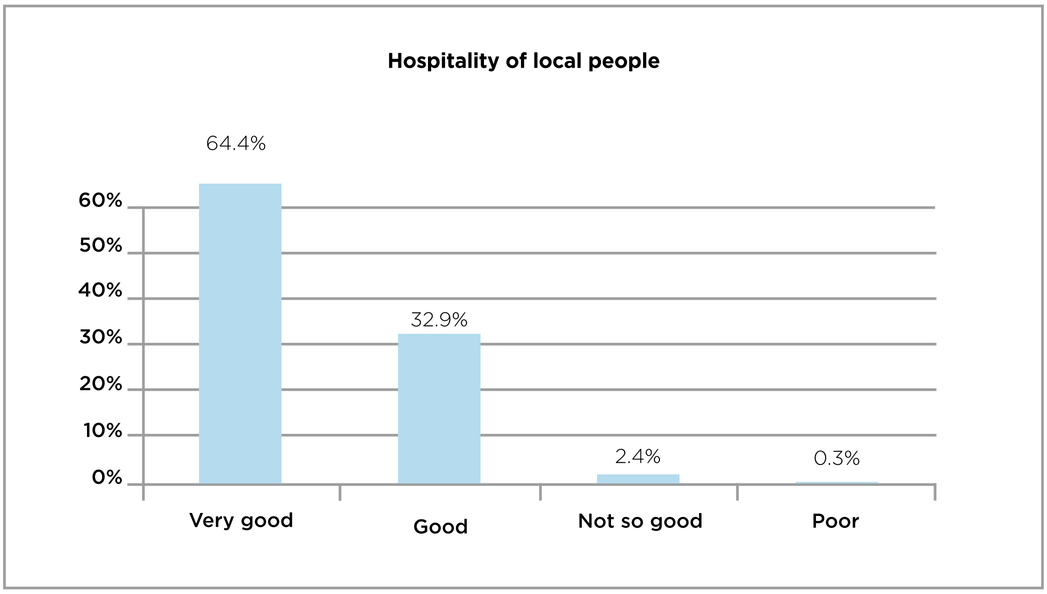
POLICY RESPONSES

Prioritise improvement actions on areas which most negatively affect foreign tourists, namely road infrastructure, cleanliness and public conveniences. Give attention to other areas receiving mixed reviews to ensure that evaluation is shifted into more positive territory.

Importance of hospitality

The hospitality which visitors to this country have traditionally identified as one of the Maltese Islands' strongest attributes continue to feature strongly in current visitors' rating of their Gozo holiday experience with Gozitan hospitality either reaching or even exceeding expectations 94% of the time.

Rating of hospitality & overall experience



The large majority of tourists attribute high positive ratings to the hospitality of Gozitan people and overall stay in Gozo.

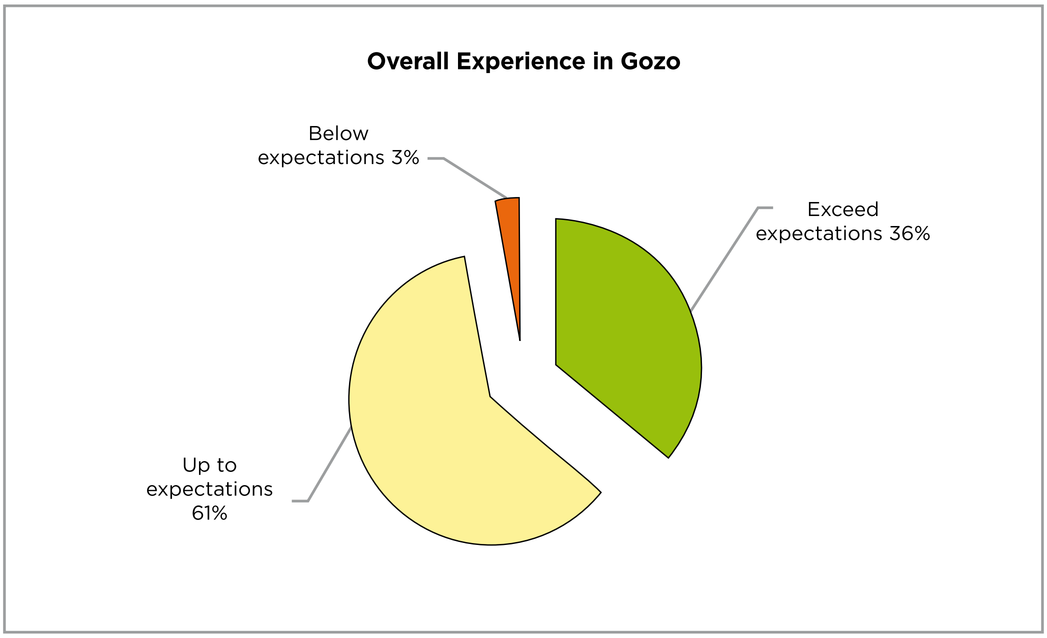


Figure 5: Rating of Hospitality and Overall Experience
Source: Malta Tourism Authority

POLICY RESPONSES

Ensure that the hospitality of the Gozitan people is adequately communicated to prospective visitors while undertaking domestic campaigns aimed at emphasizing the importance of hospitality to the host population.

Distinctiveness

While recognising that Malta and Gozo are both unique in different ways and that both islands have a distinct tourism product, it is highly important to strengthen and to make use of complementary marketing strategies that are effective between both islands. By making effective use of these complementary strategies, we will ensure that both islands contribute towards each others' growth and that the visitors attracted leave a positive impact on Malta and Gozo and on the islands' respective communities.

POLICY RESPONSES

It is our objective to provide guidance to the industry and to ensure that such guidance contributes towards effective decision making for Gozo's tourism development. We aim to attract alternative forms of responsible tourism and to increase the tourism demand to Gozo.

We will strengthen the existing tourism offer and look into alternative tourism related opportunities which will impact the quality of Gozitan community life positively.

BOOSTING INCOME GENERATION AND TOURISM VALUE ADDED

Boosting income generation and tourism value added

The importance of tourism expenditure

Tourism is one of the main economic drivers in Malta. Appendix 1 gives an overview of the how and where of tourist inflows into our economy. In summary, tourism accounts directly for: 10% of our GNP; 14% of government income; 10% of employment; and to 6% on imports and outflows. When other indirect impacts are taken into account, these figures increase to 29% of GNP, 33% of government income, 29% of employment and 16% of imports and outflows. These figures provide an indication of how important tourism expenditure is for the Maltese economy. The tourism income flows stimulate various other economic activity and it is therefore crucial that we maintain a steady, all-year round inflow of tourism. Our diverse tourism product offering has led to tourism expenditure permeating throughout the economy and society. As an industry it employs skilled and unskilled workers, it generates income to big investors but also to families hosting students. Retailers and shop owners throughout the islands depend on tourism to earn their keep. We need to ensure that tourism earnings continue to spread throughout the economy since this increases its multiplier effect.

Tourism expenditure patterns changed significantly in the period 2006-2010 and they will continue to change. It is important to continuously monitor such expenditure patterns and these shifts as they highlight tourist preferences, potential areas for investment, required operational and marketing changes as well as the need for particular policy responses. We must continuously adapt our retail products or services to complement the experience the tourist is seeking in his visit to the islands. We can increase tourism earnings by providing more value for money goods and services that match and exceed the expectations of the visitors.

The National Statistics Office (NSO) is doing the preparatory work for the introduction of the tourism satellite accounts. This system will provide for a detailed and more precise account of tourism earnings.

POLICY RESPONSES

We will boost income generation by instigating additional tourist expenditure through increasing visitor numbers and by helping the private sector to provide more value-for money product and services that meet the tourist's expectations.

We will continue to monitor tourist expenditure in terms of total amounts spent by tourists and the categories of such expenditure. We will continue to work to estimate the economic impact of tourism and the linkages of tourism with other sectors of the economy through the formulation of tourism satellite accounts and/or other appropriate and stronger methodologies such as computable general equilibrium. In particular we will seek to increase the value added from tourism.

We will seek to boost income throughout the year achieving a seasonal spread. We aim to achieve a fair distribution of income, such that expenditure incurred by tourists spreads throughout the tourism supply chain but also to other

sectors of the economy either directly or indirectly. Such distribution is also to be spread across different economic players, ranging from the major investors in tourism to medium and small enterprises to individual micro operators; and ranging from the main tourist resorts to our villages.

We will strengthen current methods of disseminating information on tourist expenditure patterns to the private sector, providing also information on expenditure patterns by tourists from particular source markets and seasonal ones.

We will continue working with existing, new and specialised tour operators to identify opportunities for new packages for the Maltese Islands and to ensure that current package travel operations are maintained or expanded.

We will encourage investment by the private sector in areas which build upon the attributes, characteristics and experiences which Malta and Gozo can offer. The following areas are considered as having the potential to boost income generation and tourism value added:

- restaurants offering Maltese and Mediterranean cuisine including liquor and wines; catering establishments need to provide a service and experience that can match the taste and style of the main source markets;
- attractions or facilities which present the processes for production of Maltese cuisine including liquor and wines (from earth to the kitchen to the table) identifying what makes it different, health properties, the value of the Mediterranean diet;
- authentic Maltese products, crafts, souvenirs, glass, heritage gifts;
- creative industries, facilities and services offering cultural experiences;
- entertainment, concerts and shows;
- excursions which are designed for the specific requirements of the tourist and which reflect the profile and interests of the individual tourist;
- vehicle hire services which offer value for money, facilitate transportation around the islands, service the requirements of particular segments of the market (e.g. disabled people, families with children) and reduce emissions;
- other retail services offering books, toys and other items for children, lifestyle and well-being items, novelty gifts, outdoor equipment, photography, technology support services;
- experiences for children and adults which are not ‘imported’ but are based on Malta’s attributes, characteristics and distinct offers;
- services in towns, villages and other rural areas as outlined in the rural tourism policy.

THE RIGHT GOVERNANCE APPROACH

The Right Governance Approach

Governance

Developing and implementing tourism policy requires cross-government support and constant interaction between government and the private sector. We believe that further co-operation between the public sector and the private sector is required but also further co-operation among the private sector and its components.

Good governance practices ensure that government and industry work together in a co-ordinated and effective manner to support competitive and sustainable tourism growth. If such co-operation and networking is well focused it can result in positive results and benefits for the destination. This has been recognized in the past few years with government and industry representatives working together to monitor the market situation and discuss possible options for action. Such monitoring has taken place at different levels including through UNWTO, EU and international meetings, as well as through regular discussions with the MTA, and with tourism stakeholders such as players in the hospitality industry, tour operators and airlines. To further strengthen this good governance practice, it may be appropriate to expand the categories of stakeholders who regularly participate in such discussions. Stakeholders may include not only economic operators but also those focusing on the environmental and social aspects of tourism (e.g. unions, non-governmental organizations). Bringing together these various stakeholders would further enhance the discussion on action to be undertaken to ensure competitiveness and sustainable tourism activity. A key player in the successful and sustainable development of tourism is MEPA. Efforts will be undertaken to ensure consistency between planning policies and tourism policies.

POLICY RESPONSES

We will further strengthen governance arrangements within government and the interface with the private sector and other stakeholders. We will continue the current practice of working with these stakeholders to, for example, monitor market situations through regular discussions with MTA and key tourism operators. We will further strengthen this good governance practice through expanding the discussions with other stakeholders such as those focusing on the environmental and social aspects of tourism.

Central to any policy decision is the research underpinning or informing the available strategic options. To give greater effectiveness to management decisions both at a macro and a micro level, research reports and findings must be disseminated, accessible and easily available. Sharing of information will yield more effective governance structures.

POLICY RESPONSES

We will continue to undertake research which will be disseminated and made available to interested parties. Likewise, we will expect the private sector and research institutions to share and provide information of relevance to such decision making. To facilitate such exchange of information, an online depository will be created.

Internationally, the discussion on governance is increasingly focusing on networks, their creation, mode of operation and resulting outputs. This concept of networks is still very much in its infancy in Malta with the result that our competitors will move ahead in this regard whilst Malta will lag behind.

POLICY RESPONSES

We will disseminate more information about this concept of networks and encourage the setting up of such networks among the private sector, and where relevant, incorporating the public sector and other stakeholders. Networking will further enhance competitiveness, reduce operational costs, share ideas and identify business opportunities.

The objectives outlined in this policy can be more effectively achieved through coordinated actions designed and implemented not only at a horizontal level i.e. across government and within industry but also at a vertical level i.e. throughout the value chain at a micro level. The tourism sector is characterized by SME's which often face capacity limitations with regard to marketing, E-commerce, research, investment and operations.

POLICY RESPONSES

Efforts will be undertaken to direct funding programmes towards the needs of micro enterprises and SME's operating in the tourism sector particularly since these usually come across challenges and obstacles in terms of funding. Future financial frameworks will be geared to strengthen the competitiveness and entrepreneurship of SME's by facilitating the participation of small tourism businesses in funding programmes, by simplifying rules, reducing costs of participation, accelerating award procedures and by providing a 'one-stop shop' to make it easier for beneficiaries of EU funding.

A business advisory and support unit will be set up within the MTA to assist tourism operators, particularly small and medium enterprises, better understand the direction being set for Malta's tourism, to identify gaps in their current offer, tap market, investment and financing opportunities.

Current tourism governance structures

As of March 2008, the Prime Minister has appointed the Parliamentary Secretary for Tourism, the Environment and Culture to directly oversee this part of his ministerial portfolio. In January 2012, the Prime Minister felt the need for a focused and more efficient administration in order to face the new challenges which the year just started was expected to bring along and as a result of this, he appointed the Minister for Tourism, Culture and the Environment (MTCE). MTCE is responsible for driving tourism initiatives and efforts, monitoring the performance of tourism activity and formulating relevant tourism policy responses. The fact that the Minister is responsible for the three areas of tourism, environment and culture, allows for greater coherence and synergies among these three important and inter-related areas. Both at policy level and at programme level, initiatives have been undertaken which complement and support each other with a view to achieving tourism, environmental and cultural objectives. The national environment policy, for example, recognizes the role tourism plays and the dependence of tourism on the quality of our environment, whether of an urban, rural, coastal or marine nature.

In view of tourism's horizontal nature and dependence on other sectors, an inter-ministerial committee has been set up to deal with infrastructural shortcomings and with the required improvements relating to maintenance and upkeep of public areas.

POLICY RESPONSES

Given the importance of tourism activity for these islands, tourism will be placed at the highest level of governance whilst ensuring stronger inter-ministerial co-ordination. Inter-ministerial co-ordination will focus on three main aspects: improving the tourism offer and infrastructure managed by the public sector; facilitating tourism activity through the drawing up of relevant and coherent policies and through a better understanding on the part of public entities of the enablers for tourism activity; basing decisions on the principles of sustainable development and responsible tourism.

The MTA falls under the responsibility of the Ministry for Tourism, Culture and the Environment (MTCE). The Authority was formally set up by the Malta Travel and Tourism Services Act (1999). The Malta Travel and Tourism Services Act aims to make provision for the promotion of tourism, for the regulation of tourism services and operations, for the establishment of an authority with powers to that effect and for matters connected therewith or ancillary thereto. Throughout the years legal notices were issued to reflect developments in the sector. The Main Act and the Subsidiary Legislation were revised to transpose the EU Services Directive and further revisions are in the pipeline with a view to strengthening tourism competitiveness in Malta through improved quality of service. MTA's responsibilities range from the marketing of Malta as a tourism destination to tourism product planning and development, to developing the human resources within the industry and ensuring that standards are adhered to through enforcement and voluntary schemes. This umbrella of responsibilities within MTA provides the opportunity for streamlining marketing, product development and human resource efforts with a view to increasing the effectiveness of MTA's initiatives resulting in a more enticing tourism offer. MTA also acts as an advisor to the Government on tourism matters. The MTA Board is composed of members representing the Government and members representing the private sector.

POLICY RESPONSES

Government will continue to act as a facilitator and regulator by providing direction to the tourism industry, ensure consumer protection, adhere to standards of competitiveness and implement better regulation initiatives.

MTA will further streamline its efforts through strategic initiatives aimed at addressing market developments.

National and European developments affecting public governance

Over the past few years, one can observe an increased interest by local councils in implementing tourism related initiatives. This has primarily come about as a result of EU co-financing opportunities, which some local councils have taken on, recognizing possible prospects for their locality. In view of this development, it is important to clearly allocate the main roles at the national and local levels of government. Critical to success is that both levels of government are clear on the overall direction established through this tourism policy, work together to achieve the set objectives and adopt a coordinated approach.

As tourism activities delve into the non-traditional tourism localities such as villages and rural areas, the social and environmental impacts of tourism in Malta will require assessment and even better management to ensure that any negative impacts are mitigated and minimised.

POLICY RESPONSES

We will disseminate the direction established in this tourism policy to local councils in order to ensure that efforts are directed accordingly.

It is our policy to assess and monitor the social and environmental impacts of tourism with a view to mitigating and minimizing any negative impacts.

It is recognized that this approach is even more critical in governance matters relating to Gozo. It is important to drive and implement the vision for Gozo's tourism, which as stated in the 2007-2011 tourism policy and reiterated in this tourism policy, focuses on rural tourism which is set within the concept of Gozo as an eco-island. In relation to tourism in Gozo, further clarity of roles and responsibilities of the Ministry responsible for Tourism, of the Malta Tourism Authority and of the Gozo Ministry will facilitate more focused actions which are more effectively co-ordinated and synergized.

POLICY RESPONSES

It is our policy to further strengthen the current co-ordination of efforts undertaken by the Ministry for Tourism, Culture and the Environment (MTCE) (or any subsequent ministry responsible for tourism), by MTA and the Gozo Ministry. This will be done through formalizing such co-ordination efforts by setting up a steering committee led by the Ministry for Tourism, Culture and the Environment (MTCE) and composed of the MTA and of the Gozo Ministry. The steering committee will be responsible for ensuring the implementation of this tourism policy and of the rural tourism policy both in relation to Gozo through agreed actions which are more effectively coordinated.

This tourism policy has been formulated on the basis of international market research, research carried out by the MTA, input from MTA and tourism stakeholders, intergovernmental and public consultations. More importantly, the implementation of the policy is dependent on the participation of these players, particularly of MTA, other ministries, public agencies and authorities, and the private sector. Malta's tourism policy calls upon, not just the ministry responsible for tourism and MTA but also on other ministries and government entities to take appropriate action for the benefit and enhancement of tourism in Malta. A number of tourism related issues are dependent on the decisions and actions taken by other ministries and entities. Horizontal co-ordination across ministries and public agencies is therefore critical for the successful implementation of this tourism policy and for the achievement of the set objectives.

POLICY RESPONSES

To achieve the set objectives, a dedicated and focused team of persons will be tasked to horizontally co-ordinate the implementation of this tourism policy and monitor it. Every ministry and public agency will be obliged to consult with the Ministry responsible for tourism on the appropriate interpretation of this policy and on initiatives which may impact tourism activity. The Strategic Policy Unit within the OPM will also be responsible for ensuring that any new policies or initiatives undertaken by ministries and agencies will be in line with this tourism policy and that such new policies or initiatives have been discussed in depth with the tourism authorities.

As outlined in the beginning of this chapter, the private sector plays an important role in governance. It must however be sufficiently well structured and coordinated to work effectively with government on tourism policy development and governance. Some of the constituted bodies in Malta may be well equipped for this role; yet others lack capacity, structure and coordination.

POLICY RESPONSES

The private sector is encouraged to undertake specific initiatives to build human capacity in governance through training, provision of information and sharing of good governance practices. To facilitate the interface with government, the private sector needs to establish who is to play a co-ordinating role among private sector actors with a view to implementing and contributing to strengthening tourism policy at the national level.

In June 2010, a Communication entitled "Europe, the World's No. 1 Tourist Destination – A New Political Framework for Tourism in Europe" was issued by the EU Commission to set the strategic pathway for tourism in Europe. Malta has agreed with the proposed measures, which are in line with the key priorities of the National Tourism Policy. Malta is actively participating in a number of initiatives forthcoming from this political framework, including the actions relating to setting up a voluntary exchange mechanism among member states with a view to addressing seasonality, actions that promote training, capacity building and lifelong learning for the tourism sector, developing a European tourism quality label, identifying and marketing European destinations of excellence and the implementation of a virtual tourism observatory. We are also keen to actively participate in the Commission's future initiative related to the formulation of a strategy for sustainable coastal and maritime tourism, particularly in view of Malta's geographical position and the importance that such a strategy would have for Malta as a tourism island destination.

Tourism is also affected by legislative proposals related to other areas such as consumer affairs, environment, regional policy and transport. Such proposals could positively or negatively impact Malta as a tourism destination. It is therefore crucial that we continue to assess such proposals, putting forward Malta's position in the appropriate EU fora.

POLICY RESPONSES

We will continue working with the institutions of the EU, participating in EU level discussions and decision-making processes to ensure that Malta's interests are safeguarded and that tourism is placed high on the agenda. We will focus our efforts on those proposals and initiatives which have a greater influence and impact on Malta as a tourism destination. We will strengthen consultations with stakeholders and present consolidated positions at an EU level by taking into consideration the requirements of the industries and the national interest.

Enablers for governance – tourism budgets

According to a study published by the European Travel Commission entitled 'Budgets of National Tourism Organisations 2008-2009' initial budgets of NTOs are often supplemented by additional funding during the year to cater for emergencies, special events, and specific programmes. Additional funding rose from 8% of initial budget in 2005 to at least 12% in 2009. The same study showed that in recent years there were extraordinary large increases in NTO budgets. During the boom years for tourism in 2006-2008, a third of NTOs reported increases in budgets of over 10%. But there were also a number of NTOs whose budget was cut. Large fluctuations seem to be a fact of life for NTOs. In 2009-2010, the average increase was just 3% and figures for 2010 show a net decline with subsequent further cuts made in 2011, particularly in view of the international economic crisis which impacted most governments' plans and budgetary allocations. Governments, fully aware of the economic and social benefits of tourism are prepared to invest money in order to retain or encourage the growth of this industry. However, the financial crisis has somewhat tampered the ability of a number of countries to maintain the level of expenditure of previous years. The report further concludes that there is little correlation between NTO spending and international arrivals. Most destinations spend US$ 4-6 per arrival. In many countries, this spending is further augmented by the budgets of regional and local government.

	2006	2007	2008	2009
Cyprus	-	-	89.7	111.7
France	64.1	77	84.3	-
Greece	33.3	43.3	61	45.7
Italy	10.7	5.1	35.7	22
Slovenia	8.7	10.3	10.9	9.8
Spain	76.3	87.7	101.2	97.1
Malta	23.5	29.5	34.9	36

Table 25: NTOs Marketing Spend (in US $)
Source: Budgets of National Tourism Organisations 2008-2009, European Travel Commission

The Maltese government is determined to eradicate the national deficit. Yet tourism, in view of its economic and social importance, has retained a fair allocation. This also, in view of the fact that tourism is considered as one of the six pillars for economic growth and excellence. The budget for tourism administration in Malta is mainly provided by the Central Government. The government provided a budget of around €36 million to the Malta Tourism Authority in 2010 of which around €30 million were allocated to marketing initiatives including participation in advertising, fairs, public relations and segment development. The aggregate tourism expenditure for 2010 amounted to €37,447,000 and this accounts to around 1.63% of Government's recurrent expenditure for the financial year January to December 2010. Other sources of funding for tourism development in Malta come from a minimal contribution which is paid by the private sector in the form of licences and contributions.

Government also taps European Union funds for specific projects. A continuous emphasis is being made to support investment in direct tourism product development. This is taking place through the allocation of €120 million of EU Structural Funds and additional national funding. Product improvement projects include coastal and tourism zone projects. €10 million have been allocated to a Grant Scheme for Sustainable Tourism Projects by Enterprises, including SMEs. A number of heritage sites including the UNESCO World Heritage Site of Ġgantija, which is the oldest free standing monument in the world, are undergoing physical improvements so as to ensure their protection. Other infrastructural improvements are also taking place through continuous investment in the Malta International Airport and the sea passenger terminal.

	Government Expenditure (€ Millions)	Government Revenue (€ Millions)	Government's Deficit (€ millions)	MTA Allocation/ Airline Support/ Marketing (€ millions)	Tourism Expenditure (€ millions[9])
2006	2,329	2,201	128	20.82 *[10]	998
2007	2,333	2,224	109	19.56	1058
2008	2,546	2,302	244	25.10	1069
2009	2,668	2,371	297	36.79**[11]	925
2010	2,804	2,525	279	36.44 ***	1130
2011[12]	2,891	2,695	196	36.21***[13]	1230
2012	3,106	2,961	145	37.25	-

Table 26: Malta's Tourism Budget and Government Finances
Source: Government of Malta

Government's spend on tourism has increased significantly between 2006 and 2011. The increased monies are being spent to cover more source markets, to ensure all-year round advertising and facilitate accessibility through route development schemes. Expenditure by tourists is on the increase, up from €998 million in 2006 to €1230 million in 2011. Particularly because of the route development scheme, we have developed a strong correlation between government spending and tourist volumes. At this stage of route development, on the plus side, this means that the more government spends the more tourists will come. On the other hand, if government financing towards tourism is reduced, tourism numbers will decline. Supported routes have provided the lion's share of the growth in tourism numbers experienced in the past years. Further growth will likewise come at a cost.

[9] Year 2011 Actual figures by NSO as at 02.02.12. [10] * Includes Line Item 7207 Branding Malta
[11] ** Includes Line Item 5499 tourism related events (recurrent expenditure) and item 7238 Marketing initiatives under Capital Expenditure
[12] 2011 Figures on government expenditure, government revenue and government deficit
[13] *** Includes Line Item 5499 Tourism Related Events, Item 5521 Marketing Initiatives and Item 5522 Route Development

Government's overall financial objectives remain of paramount importance. Whilst one can argue that investment in tourism should in theory lead to improved government financing, government needs to keep its short term financial objectives in sight. These objectives might limit government's ability to inject further cash into this sector.

POLICY RESPONSES

It is our policy to retain a substantial budget allocation which can ensure effective promotion of Malta as a tourism destination and the development and management of Malta's tourism product and human resources. More importantly we will ensure that such budget allocation is used in the most effective manner to yield the required results.

It is our policy to identify other options for resourcing including EU funding programmes, joint efforts with the private sector, constituted bodies and other stakeholders.

Enablers for governance – tourism budgets

Government has recently issued the national environment policy wherein it is stipulated that moving towards a green economy is a priority for government. Tourism can act as a change agent and can contribute to the green growth agenda. This can be done if environmental considerations are placed at the centre of policies, strategic planning and actions. The industry should move away from 'green washing' and adopt green policies as an absolute necessity for its own competitive future. Tourism is dependent on the environment, nature's capital, which should therefore provide strong motivation for its protection and conservation and for real action. Efforts are already in place through MTA's eco-certification scheme – yet there lies an opportunity for this, or similar initiatives, to be extended.

POLICY RESPONSES

We will integrate environmental considerations in our decisions and adopt destination strategies which contribute to the green growth agenda. We consider the environment as a key resource for tourism and will therefore adopt and implement conservation principles. By working with environment authorities and entities, we will establish how tourism can further contribute to the environment agenda. We will also encourage and incentivize the private sector to adopt similar conservation principles and to seek ways in contributing toward the green growth agenda.

APPENDIX 1

Appendix 1: Tourism expenditure in Malta

Tourism expenditure, and in particular tourism earnings, is the main reason for countries to engage in tourism. Tourism expenditure acts as an injection into the economy, stimulating economic activity and supporting and creating employment. This happens as the expenditure incurred by tourists is circulated within the economy in the form of wages, further purchase of goods and services, taxation revenue and reinvestment by government, the private sector and households.

Tourism expenditure is one of the three important indicators to measure the performance of tourism in a destination, the other two being tourism arrivals and tourist guest nights. Between 2006 to 2011 tourism expenditure registered an average annual growth of 4.5%. In real terms, tourism expenditure increased from €998 million in 2006 to €1.13 billion in 2010. Expenditure surpassed €1.23 billion in 2011. This growth occurred despite the economic crisis and international recession which evidently influenced the spending power of tourists.

Economic impact studies indicated that the expenditure incurred by tourists results in a direct impact on:

- GNP of about 10%;
- government income of 14%;
- employment of 10%; and,
- imports and outflows of 6%.

On the employment front, the country is highly reliant on HORECA (Hotels, Restaurants and Catering Sector) which employs 8.6% of the gainfully occupied population – the highest in any EU 27 Member State and double the European average (4.3%). These figures exclude the additional employment opportunities generated indirectly by tourism and the HORECA sector, most notably in the areas of food and beverage, manufacturing, wholesale and retail, transport, recreation and entertainment.

When all impacts are taken into account, the percentages go up to 29% of GNP, 33% of government income, 29% of employment and 16% of imports and outflows. These figures provide an indication of how important tourism expenditure is for the Maltese economy. It must be stated that significant structural changes occurred in tourism and in the Maltese economy since the compilation of the economic impact estimates on which the above percentages are based. These changes may give rise to different economic impact estimates, yet tourism remains an important contributor to the Maltese economy.

Current tourism expenditure patterns and emerging trends

Tourism expenditure patterns changed over the past fifteen years. These changes reflect the changing profile and expectations of tourists, and in the case of the past five years, the increasing share of independent travellers visiting the islands. One can also note differences across the main source markets:

- German travellers feature as the highest spenders per capita followed by Nordic and Dutch tourists *(source: NSO);*
- Germans spend the highest share of expenditure on 'package' type trips whilst the Italians spend the highest share of expenditure on 'non package' type of trips *(source: NSO)*;
- Expenditure during stay is mostly allocated on 'food and drink' (45%) followed by 'shopping' (15%) and 'recreation' (13.7%). Most of this expenditure is spent in restaurants, followed by organised tours and site visits, souvenirs and clothing.
- The Nordic traveller spends the highest per capita expenditure on recreation, followed by the German and French tourist. Nordic travellers allocate most of this expenditure on 'sports activities', German tourists on 'organised tours and excursions' and French tourists on 'site visits'. Furthermore, the abovementioned markets are also the highest spenders on the identified categories *(source: MTA Expenditure Survey)*;

- The Nordic traveller spends the highest per capita expenditure on 'food and drink' followed by the British and the French. The highest per capita spenders on 'restaurants' are the Nordic and the French whilst the British spend higher than average on 'bars and pubs'*(source: MTA Expenditure Survey)*;
- French and German tourists have the highest per capita expenditure on shopping. Per capita expenditure on souvenirs is highest for the French, per capita expenditure for clothing is highest for Germans *(source: MTA Expenditure Survey)*;
- British travellers spend considerably higher than average on tobacco products *(source: MTA Expenditure Survey)*;

Continuously monitoring such expenditure patterns and shifts provides useful information about tourist preferences and can indicate potential areas for investment, required operational and marketing changes as well as the need for particular policy responses.

As indicated in the table below, the share of expenditure prior to departure in percentage terms is in decline reflecting shifts between package and non-package expenditure and cheaper flight costs. This expenditure shift has meant increased income for some sectors but a decline for others. Expenditure generated through package travel results in income for accommodation establishments and travel agents and the flag carrier in some cases.

Expenditure during stay has registered slight increases over the past few years and this needs to be further boosted in the coming years. These increases, though slight, are encouraging given that travellers tend to reduce their holiday budgets in times of economic downturn and recessionary periods.

Expenditure prior to departure mainly includes flight, accommodation and transfers.

	2006		2007		2008		2009		2010		2011	
	€	%	€	%	€	%	€	%	€	%	€	%
Prior to dept.	605.7	66%	558.5	64%	458.91	60%	496.01	61%	482.74	60%	468.18	60%
During stay	308.1	34%	316.9	36%	306.18	40%	322.24	39%	323	40%	314.77	40%
Total	913.8	100%	875.4	100%	765.09	100%	818.25	100%	805.74	100%	782.95	100%

Table 1: Expenditure patterns per person
Source: Expenditure surveys 2006-2011, Malta Tourism Authority

Expenditure patterns tend to change over a long period of time. Whilst shifts in expenditure patterns normally occur over a period of fifteen years, one can still note changes in tourists' spending patterns over the past five years (Table 2 below). The increased share of expenditure on accommodation is a result of the increase in the number of independent travellers over the past five years.

	2006		2007		2008		2009		2010		2011	
	€	%	€	%	€	%	€	%	€	%	€	%
Accommodation	24.10	7.8%	21.60	6.8%	32.17	10.5%	44.02	13.7%	42.50	13.2%	36.8	11.7%
Food and drink	135.00	43.8%	143.00	45.1%	138.90	45.4%	141.45	43.9%	146.30	45.3%	141.6	45.0%
Transport	35.10	11.4%	34.30	10.8%	28.60	9.3%	29.86	9.3%	28.00	8.7%	26.8	8.5%
Recreation	43.60	14.1%	46.10	14.5%	36.87	12.0%	44.58	13.8%	44.70	13.8%	43.2	13.7%
Shopping	62.80	20.4%	64.30	20.3%	48.54	15.8%	46.67	14.5%	45.80	14.2%	47.5	15.1%
Other expenditure	7.50	2.4%	7.50	2.4%	21.10	6.9%	15.66	4.9%	15.60	4.8%	19.0	6.0%
Total	308.10	100%	316.90	100%	306.18	100%	322.24	100%	322.90	100%	314.8	100%

Table 2: Expenditure by tourists during stay
Source: Expenditure surveys 2006-2011, Malta Tourism Authority

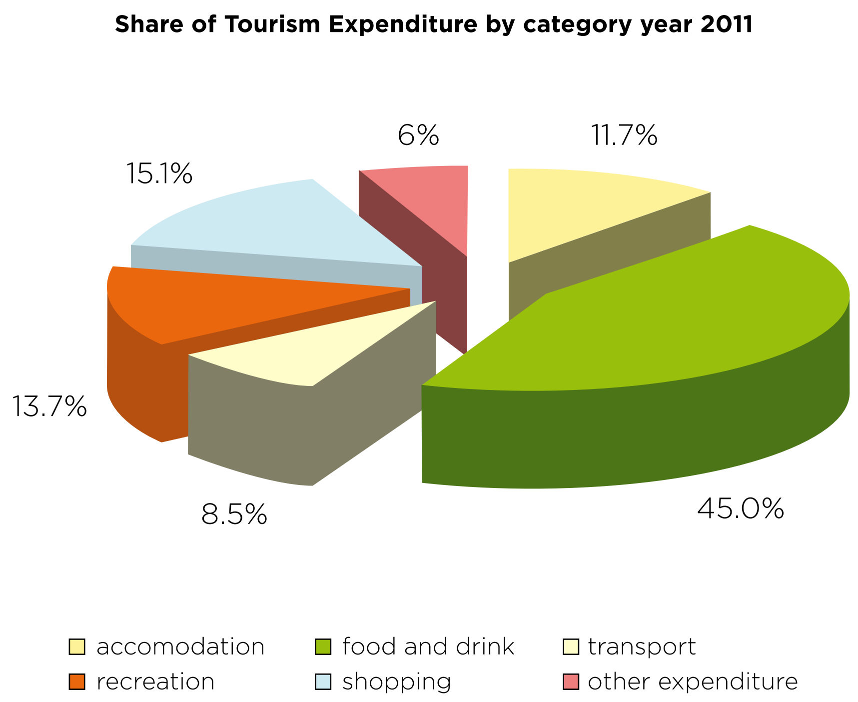


Figure1: Expenditure shares by category of expenditure 2010
Source: Expenditure surveys 2006-2011, Malta Tourism Authority

The expenditure patterns of tourists reflect the activities they engage in during their stay and possibly the extent to which the tourism offer entices visitors to spend their holiday budget during their stay in the destination. Expenditure on food and drink remains the category which attracts the highest share of expenditure (excluding accommodation). This reflects not only the fact that eating is a basic need but also that eating out is a form of entertainment. Within this category of expenditure, one can also note shifts as the share of expenditure on food and drink in accommodation establishments has declined for a preferred dining experience in restaurants/bars/pubs/places of entertainment or for purchases from groceries and supermarkets. This also reflects tourists' preferences for accommodation services based on 'bed only' or on 'bed and breakfast'.

The second major shift that has occurred is the reduced share of spending by tourists on shopping, which however still remains the second major category of expenditure during stay. Shopping accounted for about one-fifth of tourists' expenditure during stay in past years. This has however declined to about 15% in the past few years. The Tourism Policy for the Maltese Islands (2012-2016) suggests policy responses to help improve Malta's retail experience.

Shifts have also occurred in transport preferences over the past couple of years. One would have expected an increased take-up of vehicle hire services and public transport given the higher share of independent travellers. However, it appears that British, German, French and Italian tourists have opted for the taxi service as opposed to renting a vehicle. Whilst public transport remains a popular means of transport, some declines in public transport usage were registered since 2007. These shifts also have important implications for the transport sector. It is worth noting that tourists visiting Malta spend around €28million on transport. This accounts for about 8.7% of total tourist expenditure. It is estimated that about 10 million is generated by car hire services, €7.8 million by public transport, €7.3 million by taxi services and €3.4 million by services offering ferry crossings.

Expenditure on recreational activities has increased in absolute terms since 2008. Most of this expenditure is incurred on excursions, visiting sites and attractions and boat trips, i.e. activities which allow the tourist to explore and experience Malta. Worth noting is that expenditure on sports activities has remained relatively constant throughout the years.

Only a relatively small proportion of tourist expenditure is generated through services provided by the public sector and this mainly consists of expenditure incurred during visits to publicly owned and managed cultural sites. The expenditure incurred by tourists is mainly generated through interactions with the private sector. So whilst government may have policy responses aimed at boosting income generation, it is the private sector which must take the initiative and explore ways of providing opportunities for tourists to spend. Such opportunities have to be in line with tourist preferences and must offer value for money.

The market still provides us with the opportunity to generate increased income as tourists indicate that they are willing to spend more on particular goods and services. Research indicates that culture, food and drink and shopping emerge as the main areas on which tourists would be willing to spend more money on. Opportunities to further explore the islands including through excursions (including trips to Gozo); food and beverage experiences emphasising Maltese and Mediterranean cuisine; the availability and possibility to purchase Maltese products, glass and souvenirs; clothes, jewellery, and other retail services; entertainment, concerts and shows; diving experiences, car hire services, activities and wellness are the main areas mentioned by tourists as potential sectors for further tourism expenditure.

Such detailed expenditure data is not available for the tourist visiting Malta for meetings, incentives or conferences. However, surely there is scope for increased income generation through this niche market and other segments.

SWOT:

Strengths	Weaknesses
A tourism supply chain which provides a wide range of products and services. Maltese private sector investment. Detailed tourist (holiday maker) expenditure data is available. Tourists interested in spending money in Malta. Expenditure is spread across tourism supply chain. Accommodation and catering establishments are generating expenditure. Increases in expenditure in particular services.	Value for money may not always be on offer. Uncompetitive pricing. Shopping experience may not be enticing enough. Cultural experiences are not instigating enough expenditure. Opportunities for spending are not being tapped. Private sector may not be aware of tourist expenditure patterns. Lack of detailed expenditure patterns of particular niche markets.
Opportunities	**Threats**
Tourists are willing to spend more on particular products and services. Main interest lies in products and services which present the Maltese experience and attributes. Sharing of information. Scope for income generation through niche markets through expanding product and service range tailor-made for these markets.	Lack of investment Uncompetitive pricing and no value for money. Unprofessional service. 'Imported' products and services may not lead to required results. Competing only on price.

TOURISM POLICY FOR THE **MALTESE ISLANDS**

2012/ 2016

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