

TOURISM POLICY
FOR THE
MALTESE ISLANDS
2007-2011



Ministry for Tourism and Culture





Following intense consultations with all stakeholders in the tourism industry in December 2006 Government published the National Tourism Policy and Plan that encompass our vision, strategy, goals and action for this important industry.

In the pre-Budget 2008 document “Families Growing Stronger” in a whole section dedicated to Tourism the aims of this policy and plan are given in 11 points: develop the tourism industry in a sustainable manner; preserve and develop our socio-cultural fabric, an essential element of our tourism product; increase tourism earnings and operating profit for tourism operators; increase employment opportunities in this sector; ensure a wide distribution of tourism earnings; increase our nation’s competitiveness; decrease the seasonal nature of our industry; exploit Gozo’s unique characteristics; improve the accessibility to our islands; benefit from the opportunities afforded to us by the developments in Information Technology; and maximise on the benefits of our membership of the European Union.

Government is investing a good percentage of the European Regional Development Funds and the European Social Funds 2007-2013 for tourism product development. Out of a billion

euro €120 million euro are to be invested in tourism. In its call for proposals for €180 million worth of projects under Cohesion Policy 2007 – 2013, €80 million are earmarked for product development, niche market development and branding.

The MTA launched its portal VisitMalta.com which so far managed to attract 1.5 million visitors. Media Consulta, one of Europe’s largest marketing and advertising companies has been commissioned to promote Malta in our core markets. The introduction of low cost carriers is attracting an additional influx of visitors to Malta. We are building a rich and varied calendar of events that are giving our visitors a unique experience.

We are reaping the results of our policies and planning. In the first six months of this year we managed to surpass one half million tourists. With 501,802 tourists coming to Malta, the first six months of this year were the best six months in the past six years.

If we continue to pull the same rope in the same direction – Government, stakeholders and the public – I am sure that the positive results we achieved during the past months will be bolstered for the benefit of all.

Francis Zammit Dimech
Minister for Tourism and Culture



CONTENTS

EXECUTIVE SUMMARY	7
INTRODUCTION	15
1 THE FRAMEWORK	17
A Better Quality of Life 2006-2010 - Pre-Budget document 2005 ..	18
Securing Our Future - Pre-Budget document 2006	18
National Reform Programme 2005-2008.....	19
National Strategic Reference Framework 2007-2013	20
EU Tourism Policy.....	22
2 INTERNATIONAL FACTORS INFLUENCING	
MALTA'S TOURISM PROSPECTS	25
Factors determining Europe's prospects and Mediterranean	
trends influencing Malta's prospects	25
3 DRIVING THIS POLICY THROUGH THE PUBLIC SECTOR.....	31
The Public Sector.....	31
Cabinet.....	31
Inter-Ministerial Committee for Tourism	32
Ministries	32
4 OUR VISION FOR TOURISM.....	37
Objectives.....	37
Issues and challenges	38
Our Policy Responses	38
Issue 1: Public Finances.....	38
Issue 2: Government's role	39
Issue 3: Sustainability.....	39
Issue 4: Structural reforms required in tourism.....	40
Issue 4a: Tour operator business	40
Issue 5: Distribution of income.....	40
Issue 6: Tourism Statistics	41
Issue 7: Accessibility	42
Issue 7a: Low cost airlines.....	42
Issue 8: Our product offer and destination management	43
Issue 8a: Management of tourist areas.....	46
Issue 8b: Service provision through our people	46
Issue 9: Image/ Perception / Brand building.....	47
Issue 9a: Market development	48
Issue 10: Maximising EU opportunities.....	60
Issue 11: Achieving growth and value added in a	
mature destination.....	61
Issue 12: Reduce Seasonality	61
Issue 13: Employment, education and life-long learning	61
Issue 14: Price competitiveness and value for money	63
5 MONITORING THE IMPLEMENTATION OF THE POLICY	65
6 THE TOURISM PLAN.....	67
7 CONCLUSION	69
APPENDIX 1 – INTERNATIONAL FORECASTS, EUROPEAN AND	
MALTA'S PERFORMANCE.....	71
APPENDIX 2 – THE PRIVATE SECTOR	77
ACRONYMS	81





EXECUTIVE SUMMARY

The aim of this tourism policy is to present the guiding principles upon which decisions, actions and other matters relating to tourism in Malta are to be based and the framework within which Malta's tourism activity is to be formulated in the coming five years.

This tourism policy recognises the issues and challenges facing our country as a destination, which operates and competes within the international and local scenario. It presents a number of policy responses together with a number of goals and tasks which Government is committed to deliver within the next five years, 2007-2011.

Key Areas

The tourism policy responses relate to four key areas, namely:

- Governance
- Competitiveness
- Sustainability and
- Macroeconomic matters.

Objectives

The objectives of our tourism policy are:

1. to manage tourism in Malta and Gozo on the principles of sustainable development;
2. to maintain and conserve environmental and socio-cultural resources, being the key elements of the Maltese Islands' tourism product;
3. to increase tourism earnings and tourism value added;
4. to sustain existing jobs and create more and better jobs;
5. to achieve a fair distribution of income;
6. to increase our competitive advantage and deliver quality and distinct tourism product, built on our characteristics;

7. to reduce seasonality;
8. to capitalise on the unique characteristics of Gozo;
9. to increase accessibility to and from Malta;
10. to benefit from e-business in tourism;
11. to maximise on Malta's membership of the European Union.

Malta's tourism policy

It is our policy to:

1. ensure the optimal use of the financial and human resources dedicated to tourism through the public sector and monitor the effectiveness of major initiatives;
2. deliver on our responsibility to provide direction to the tourism industry and to implement better regulation initiatives;
3. manage and balance economic, social and environmental impacts seeking the national interest, but not at the expense of degrading environmental and socio-cultural resources;
4. deepen our offerings focusing on our existing product elements and types of activity for improving quality and service provision;
5. encourage creative thinking in seeking ways of increasing tourism value added also through the provision of innovative and authentic products;
6. train and retrain personnel in the industry, create the right environment for maintaining existing employment, generate more and better jobs in tourism, also in the non-traditional segments of the industry, and invest in education and lifelong learning;
7. achieve a fair distribution of income;
8. favour construction for tourism purposes that respects our cultural and natural heritage;
9. address the structural reforms required in tourism;

10. develop synergies between tourism and other development sectors to ensure an integration of tourism policies within the other development sectors' policies and plans and vice versa;
11. maintain tour operator business and improve relationships with tour operators also at a strategic level;
12. improve the quality and depth of information available through tourism statistics and work on the formulation of tourism satellite accounts;
13. create the right image and perception of Malta in overseas markets and deliver our promise of an enriching stay;
14. manage tourism zones by:
 - a. ensuring that basic facilities are available, well preserved and maintained;
 - b. identifying the most important niches in the different zones and directing investment accordingly;
 - c. developing a tourism zone management plan;
15. encouraging tourism service providers to provide a proper service which makes us more competitive and offers good value for money;
16. continuously monitoring Malta's overall price competitiveness and curb practices of overcharging through increased enforcement and consumer protection measures;
17. ensuring adherence to set standards by the tourism service providers and clamp down on practices which harm tourism (e.g. littering and illegal dumping, illegal hunting, vandalism, lack of maintenance)
18. taking initiatives which address the seasonality issue;
19. marketing Gozo as a unique rural¹ destination;
20. facilitating access between Malta

and Gozo through sea and air links;

21. making Malta more accessible, facilitating the development of air transport networks and attracting a mix of distribution channels;
22. increasing visibility on the web and initiatives aimed at direct on-line booking and further use of information technology for marketing and information provision;
23. maximising benefits of EU membership and actively participate in the decision-making process and discussions held at an EU level.

This policy is the result of a process of internal and external consultations. This tourism policy is based on Malta's overall economic and social strategic framework as specified in key Government documents. It is framed within the context of international, Mediterranean and national developments and trends. It presents a number of policy responses to the issues facing Malta's tourism. The national tourism plan sets a number of tasks to be delivered by government to ensure the implementation of this tourism policy.

Driving this policy

The Ministry responsible for tourism is entrusted to drive this policy. The policy will be driven and monitored by the Ministry for Tourism and Culture (MTAC) to ensure that this policy is being implemented by the Malta Tourism Authority (MTA), by other Ministries and by other Government entities which are responsible for tasks within this policy. The MTAC will report to the Inter-ministerial Committee for Tourism which will ensure that all parties are on board. It is the responsibility of all government ministries and entities to deliver on the elements referred to in this policy and that fall within their remit. The tourism

policy will be reviewed on the basis of its monitoring, when particular issues face Malta's tourism and when major changes in the international scenario occur.

The stakeholders

This tourism policy and the national tourism plan can only be implemented successfully if all the stakeholders partake in the process. The stakeholders for this policy are:

- Government represented through all ministries and entities
- Local Government
- The Opposition
- The private sector
- Constituted bodies including non governmental organizations, particularly those relating to tourism, environment and culture.
- The Church
- The residents of Malta and Gozo.

Government is not the sole stakeholder in the industry. Government's objectives are the national interest, an improved quality of life and overall governance. It is responsible for setting the right environment for tourism, for regulating the industry, for marketing Malta as a tourism destination and for ensuring an improved tourism product, particularly in publicly owned spaces. Whilst the private sector's aim is profitability, it is also responsible for delivering a value for money tourism offer to our guests. It is responsible to ensure that its operations are managed appropriately through further investment in innovative and effective marketing of the offer, investment in the physical product which it owns and investment in training the current and potential workforce. The private sector's corporate social responsibility can be achieved through investment in public spaces, infrastructure and culture. Collaborative efforts among the tourism service providers can be done through co-

1 Rural tourism in this context refers to a destination characterised by rural and cultural activities, increased possibilities for relaxation and for active holidays, protection of and accessibility to the unspoilt natural environment and closer integration with the local community.



ordination carried out by the constituted bodies.

For Malta to remain competitive, all stakeholders must partake in the implementation of this policy and ensure that all decisions, actions and projects are based on the principle of sustainability, do not harm the industry and are operationally profitable in terms of tourism.

The implementation process

The Ministry for Tourism and Culture has formulated the National Tourism Plan which specifies the actions to be implemented in line with this tourism policy. The national tourism plan identifies the required actions, deliverables, responsibilities and timeframes. It outlines:

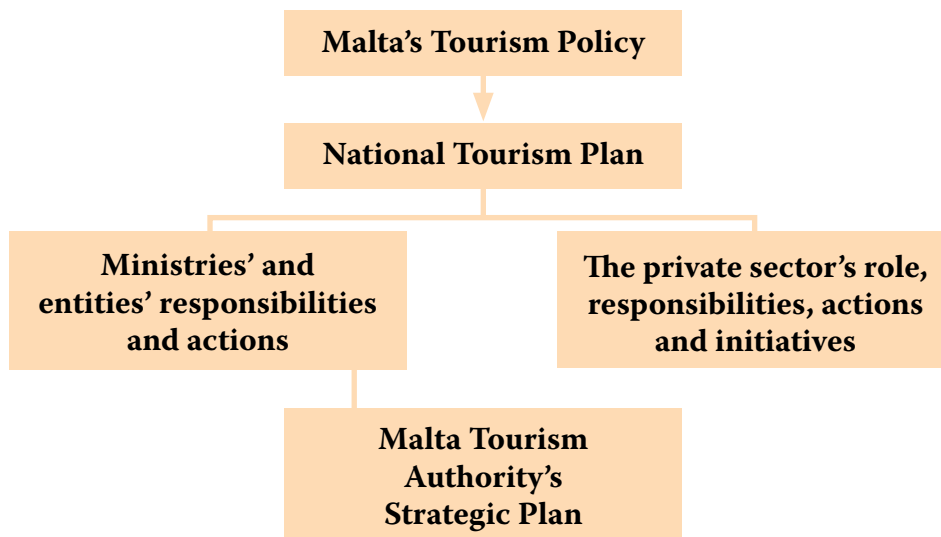
- what the Malta Tourism Authority will do, specifying the deliverables

presented in MTA's revised strategic plan,

- the functions and deliverables contributing to tourism which fall under the remit of other ministries and entities, and
- the private sector's role and contribution to tourism.

The plan is extended to present how the nation is to integrate its marketing efforts and destination management encompassing service delivery, enforcement at all levels, product management and sustainability. The Plan will cover the period 2007 – 2011.

Monitoring of the plan will focus on ensuring implementation and assessing to what extent objectives of identified actions have been reached.





MALTA'S TOURISM
POLICY
2007-2011





INTRODUCTION

The aim of this tourism policy is to present the guiding principles upon which decisions, actions and other matters relating to tourism in Malta are to be based and the framework within which Malta's tourism activity is to be formulated in the coming five years.

The overall objective of this tourism policy is to move towards sustainable tourism, taking into account not only economic considerations but also environmental and social implications. Although it is a policy for the next five years, decisions taken within the framework of this policy must also be considered in terms of their long term implications, beyond the timeframe of this policy.

This tourism policy is set within Malta's overall economic and social strategic framework as specified in key Government documents, and as outlined in Section 1 of this document. This tourism policy is also based on the European Union's tourism policy. The key objectives of the overall framework are sustainable economic growth, employment, education and environment.

Malta's tourism policy is also framed within the context of international and national developments and trends. Section 2 identifies the various international factors which determine Europe's prospects and Mediterranean trends that will be influencing Malta's prospects. These factors are taken into account in determining Malta's tourism policy. A brief comparative analysis of our performance and that of our competitors' performance together with international forecasts for the coming years are provided in Appendix 1 of this policy document. Appendix 2 provides an overview of the various tourism services provided.

The level and nature of tourism development also has to be considered when formulating Malta's tourism policy. Malta's tourism sector is influenced by the decisions and actions of government bodies and of the private sector. The end result of all these decisions and actions is the performance of tourism often measured through indicators such as tourist volumes, tourist expenditure, tourism earnings, employment in tourism and tourism value added.

Malta's overall economic and social strategic framework, the international trends and local developments point to a number of issues and challenges facing the tourism industry. The policy responses to these issues are outlined in section 4 of the document. The issues and policies are not presented in any particular order and are not in order of priority. Policy statements are provided for each issue. Complementing this policy document, the national tourism plan presents a number of government goals and tasks for each issue. These tasks and goals are not exhaustive but provide an indication of government's commitment to address each issue. The primary responsibility for task implementation is specified, together with other players' secondary responsibility.

The tourism policy must be implemented and closely monitored if it is to achieve its desired objectives. Whilst section 5 provides the monitoring mechanisms that will be used to assess the policy's implementation, section 6 makes reference to the national tourism plan which is aimed at guiding the actions of stakeholders for the development of tourism in Malta and Gozo.



A vertical photograph on the left side of the page shows a person from the waist down, wearing a blue and white striped shirt, working with a large, dark, rounded object, likely a piece of pottery, on a pottery wheel. The background is a textured, light-colored wall.

SECTION 1

THE FRAMEWORK

Government's tourism policy exists within the country's overall economic and social strategic framework. Government has published three seminal documents: the 2005 and 2006 Pre Budget Documents, the National Reform Programme and the National Strategic Reference Programme, which define its economic and social objectives. These documents also show how Government is working to achieve these objectives through concrete measures. The tourism policy is based on these documents and on the European Union's policy document entitled "Tourism – Key to Growth and Employment in Europe".

This section quotes the relevant parts from these documents so as to place the tourism policy within the broader picture of national governance.

Our policy takes into account the Carrying Capacity Assessment (CCA), published in 2001 and which covers the period 2000 - 2010, and which is still relevant to today. The CCA stated that:

- 1 Tourism's contribution to the economy must be maintained by increasing foreign earnings and per capita expenditure.
- 2 Investment should be channeled towards resource-efficient segments.
- 3 Social and private benefits and costs must be assessed to assist in directing resource allocation.
- 4 The volume of hotel-type bed stock must be stabilised and the quality of service, occupancy levels and room rates improved.
- 5 Summer volumes must stabilise below saturation levels.
- 6 Malta's tourism offer must be enhanced by better presentation of available options. Improvement of

the current offer is more of a priority than adding to the product offer.

***A Better Quality of Life 2006-2010
– Pre-budget document 2005***

In the 2005 pre-budget document entitled “A Better Quality of Life” Government laid out its mission to ensure a stable macro-economic environment capable of fostering sustainable economic growth, increased and better employment opportunities and the sustainability of our social responsibilities. We stated then that to achieve this mission, we needed to address a number of economic and social fundamentals:

1. To attain a balanced position for public finances in the medium term in order to regain fiscal flexibility that would act as an economic spur to long-term economic growth and higher standards of living;
2. To re-position the capital and human resources of the public sector to efficiently and effectively contribute to better service delivery and economic growth;
3. To focus Government’s role in the economy on the regulatory aspect, facilitating rather than participating as an operator in economic activities;
4. To accelerate the necessary structural reforms in the supply side of the economy by providing flexibilities in the labour, product/services and capital markets, thereby increasing productivity;
5. To guarantee quality lifelong education and training opportunities for all, leading towards the maximum possible fulfilment of the potential of every person and fostering of a knowledge-based culture to improve our country’s competitive edge for the satisfaction of the country’s needs with

regards to sustainable growth and development;

6. To upgrade our Nation’s environment and infrastructure in order to ensure an improved quality of life through sustainable development and the regeneration of our heritage;
7. To provide an equitable safety net that removes the risk of poverty and realises the goal of social inclusiveness with benefits paid and appropriate support provided to those who are genuinely in need.

When focusing on tourism’s role in achieving these measures, the document stated that to be competitive our tourism sector must:

- Place strong emphasis on the product side. Our country can only be competitive if it is not suffering from product fatigue and is vibrant and trendy as ever. This means improving the quality of our tourism amenities such as well-managed beaches that are designed according to blue-flag beaches criteria.
- Achieve high quality that includes the right and correct approach by all persons who come into contact with our visitors.
- Operate within a clean and healthy environment.
- Have regular events that promote Malta as a worthwhile experience rather than just another destination.
- Exploit affordable travel that will materialise through the operation of major low cost carriers to Malta.

The document also referred to the need to develop a strong brand for the country to move away from the traditional image of a ‘sun, sand and sea’ destination.

***Securing our future –
Pre-budget document 2006***

The Pre-budget document 2006, builds on that of 2005. It seeks to open up for

debate a number of specific themes within last year's set three pillars, focusing on:

- a sustainable taxation system to secure sound economic management and well-functioning of public systems;
- a sustainable environment and energy strategy to secure a cleaner and better environment;
- the creation of the right environment for industry to operate and to invest in innovation to secure the creative responses to competition and globalisation; and
- sustaining our society to secure higher competence and living standards for all of our people.

This year's pre-budget document presents the following as its main themes:

- towards a more inclusive and participatory society;
- a socio-economic strategy for Gozo;
- incentivising work and growth - a review of the fiscal regime;
- sustaining industry and tourism;
- sustaining growth through research and innovation;
- towards sustainable development;
- mainstreaming the EU dimension to the 2007 budget.

Focusing on tourism, the document recognizes that tourism has the potential to give Malta sustained economic growth and good employment opportunities. The document specifies the following key focus areas for tourism:

- the formulation of Malta's tourism policy
- building on the power of the internet for planning and booking holidays
- improving accessibility by air through low cost carriers operating to Malta
- strengthening our relations with tour operators

- strengthening our marketing efforts in overseas markets through a branding exercise
- improved beach facilities, monitoring and maintenance of our tourism zones
- investment in our cultural heritage and in our World Heritage Sites
- marketing Gozo as a unique experience
- training and retraining personnel in the industry and ensuring that our guests are offered the best service possible
- help improve the industry in increasing the quality of service delivery
- a strong regulatory arm ensuring standards are adhered to by the private tourism service providers who will be encouraged to move towards quality assurance
- actively participating in the decision-making process at a European level,
- allocating a proportion of structural funds to tourism for government-led projects, for supporting tourism and cultural projects undertaken by private enterprise and non-profit making organizations and for training and employment creation.

National Reform Programme 2005-2008

In October 2005, the National Reform Programme was published. It aims at delivering growth and jobs in line with the refocused Lisbon Agenda. The document identifies five strategic themes. These are:

- 1 Sustainability of public finances;
- 2 Competitiveness;
- 3 Employment;
- 4 Education and training; and,
- 5 Environment.

Within this context, the NRP proposed four tourism-specific measures:

1. Within the restructuring process of MTA, implement a new two-pronged strategy for tourism encompassing mainstream tourism and identified niche tourism. This strategy will also outline ways of increasing private sector involvement in the management of attractions such as beaches, cultural assets and other areas.
2. Upgrade key heritage sites to improve their interpretation, accessibility, conservation and promotion.
3. Introduce tourism zone management tools to raise quality standards.
4. Implement a branding exercise for tourism, shifting overseas marketing from a geographical market approach to a segmental approach.

The NRP also defined the need to develop and promote an E-society and improve and expand the transport infrastructure to attain the growth targets set out by the Lisbon agenda.

National Strategic Reference Framework 2007-2013

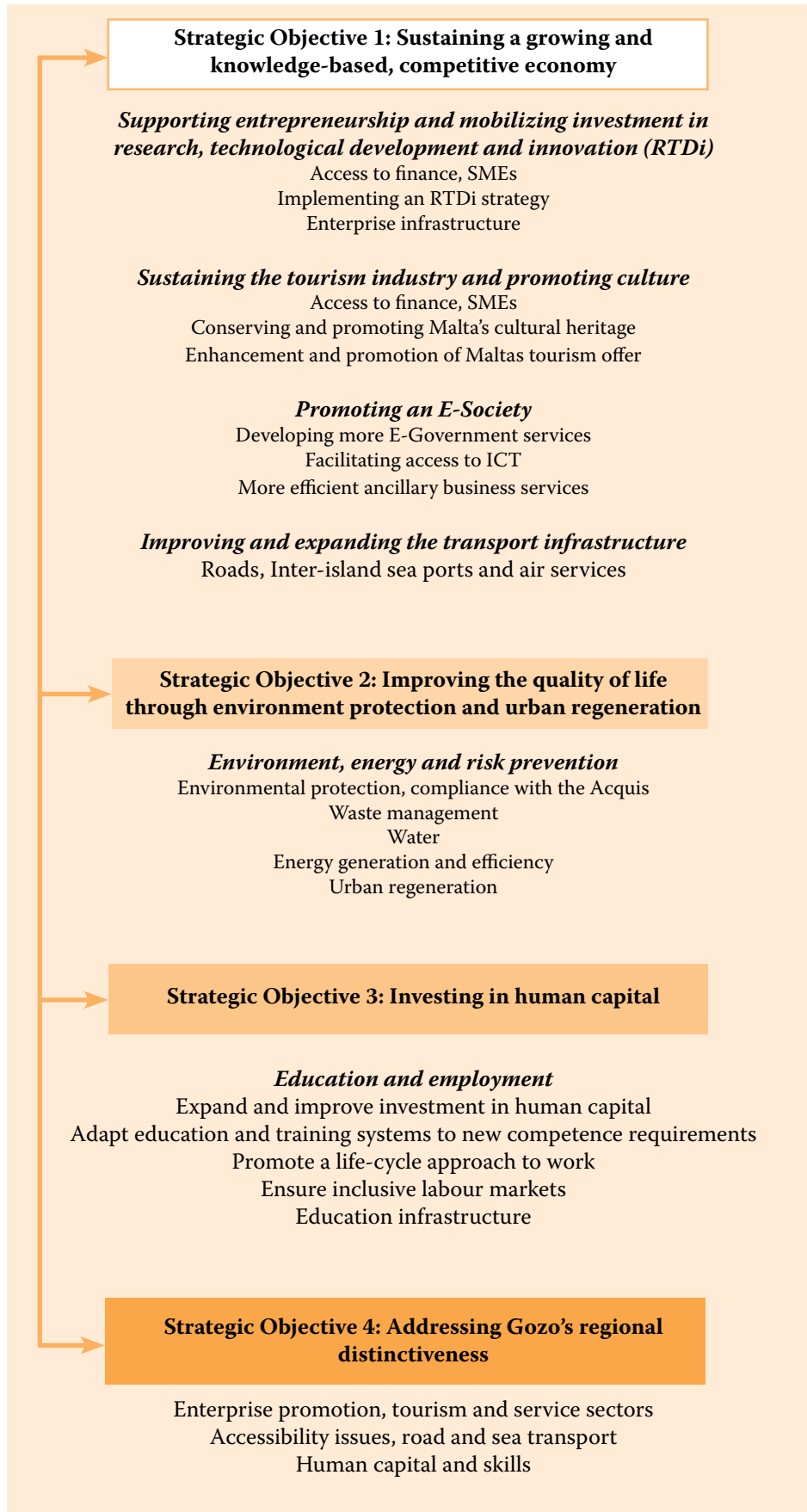
In March 2006, following an intensive dialogue process, Government published the National Strategic Reference Framework (NSRF). Based and building on the 2005 Pre-Budget document and the

National Reform Programme, the document defines Malta's medium and long term strategic objectives in view of the objectives of the EU's Structural Funds which Malta has negotiated for, obtained and will be eligible to utilise during the next programming period 2007 to 2013.

Table 1 lifted from the NSRF summarises these objectives.

This document again emphasises the need to brand Malta, to develop and invest in the arts, our cultural heritage and to further invest in human resources working in the tourism and creative industries through Structural Funds. The NSRF refers to the need to increase the competitiveness of tourism service providers, to stimulate and direct investment by the private sector and spearhead investment in human resources. The document states that the private sector should be assisted to conduct its own marketing activities to complement the country's destination marketing. In this context, the NSRF makes a specific reference to Gozo. Investments in E-services being offered by the tourism enterprises need to be supported alongside e-business mentoring programmes for the tourism industry. In order to be more competitive, businesses should be encouraged to invest in environmental systems and become more energy efficient. Besides assisting the private sector, the country must also capitalise on the expertise and energies of the strong and active presence of non-governmental organisations in the cultural and tourism fields.

Table 1: National Strategic Objectives for Structural Funds, NSRF



EU Tourism Policy

In October 2005, in Malta, the Vice President of the European Commission, Gunther Verheugen launched the European Union's tourism policy. The main aim of this policy is "to improve the competitiveness of the European Tourism Industry and create more and better jobs through sustainable growth in Europe and globally". The policy is based on four pillars, namely:

1. Cut excessive red tape, simplify rules and improve impact assess-

ments to ensure better regulation in the tourism sector at an European level;

2. Integrating tourism in all related community policies and making sure that there is adequate co-ordination of the various policy initiatives;
3. Supporting the environmental, economic and social sustainability of European tourism;
4. Promote the visibility of European tourism through common public and private sector policies.

These documents clearly portray government's belief in tourism's potential to be a major driver for: sustained economic growth; better employment opportunities; continuous education and business innovation as well as ensuring the conservation and appreciation of the environmental and socio-cultural resources. Tourism must also be at the centre of the

development of Gozo's potential. Malta's marketing efforts to support these goals should be based on our unique product offering, particularly our heritage. We should also capitalise on low cost travel opportunities and the increased potential of internet as a selling force.







SECTION 2

INTERNATIONAL FACTORS INFLUENCING MALTA'S TOURISM PROSPECTS

Our tourism policy must also be framed in the context of the developments happening in the national and international context. One cannot just take a snapshot of current international developments but must take into account the factors affecting Europe's prospects, overall expectations and forecasts of European tourism. This section defines the prevailing forces that are shaping the tourism industry, through analysis of national and international data.

Factors determining Europe's prospects and Mediterranean trends influencing Malta's prospects

Competition, technology, prices and exchange rates, airlines, tour operators, perceptions on safety and on destinations, political, social and behavioural trends are among the factors that determine Europe's prospects and inevitably those of Malta.

The performance of the European tourism industry is characterised by high levels of destination competition from both within and outside the region. New and emerging destinations such as Croatia, Serbia-Montenegro, the Balkan countries, Romania and Bulgaria, create competition for the established and mature destinations. Countries such as Morocco and Tunisia, with their low cost structures, create tough price competition for the Southern Mediterranean destinations, including Malta, which have higher labour and service costs.

Price remains a key determining factor in the choice of destination made by the potential tourist who is increasingly seeking lower prices but higher value for money. This is also evident from the increased market share of low cost, no frills airlines and from the lower priced tour operator packages to destinations such as Tunisia which attract high volumes of tourists. Malta's price competitiveness is an issue which needs continuous monitoring.

The economy is a major determinant and influences Europe's tourism. The aim of the euro, the single European currency, was to create a single low inflation European economy with a more stable and resilient currency. This is having a positive effect on the European tourism industry. The new member states of the European Union will be adopting the euro in the coming years. Whilst reducing additional costs incurred for exchanging currencies and paying credit card bills, the introduction of the euro provides tourists with easier comparison of prices among origin countries and destinations. Malta is aiming to introduce the euro in January 2008. When the euro is introduced, and in order that Malta's price competitiveness is not reduced, it is essential that prices are not increased by the private sector, thus creating inflation.

Competition is also affected by national tourism administration budgets and destinations' promotional activities, which are on the increase and are based on more aggressive marketing strategies. The following table shows how Malta's main competitors and a number of emerging destinations are pumping increasing funds into their national tourism administration (NTA) budgets. The countries bordering the Mediterranean which are listed in the table below increased their NTA budget in 2005 by 14%.

Table 2: National Tourism Administration Budgets in 2005

Destination	2005 Budget (millions of euros)	% change over 2004
Austria	46.2	+1.50%
Cyprus	51.9	+16.60%
Czech Republic	6.8	-5.60%
Denmark	27.4	-0.40%
Estonia	2.9	+52.60%
Finland	26.5	0.00%
France	50.9	+3.70%
Germany	31.1	0.00%
Greece	121.7	+22.30%
Hungary	17.6	-26.10%
Ireland	66.0	+10.90%
Italy	49.8	+32.40%
Lithuania	1.1	+22.20%
Luxembourg	3.0	0.00%
Malta	22.7	+3.10%
Netherlands	28.0	0.00%
Norway	28.5	+34.40%
Poland	7.7	-9.40%
Romania	5.7	-5.00%
Slovakia	6.3	+162.50%
Slovenia	8.5	+4.90%
Spain	96.2	+13.20%
Sweden	14.0	-3.40%
Switzerland	43.2	+1.90%
Tunisia	34.7	-4.60%
United Kingdom	71.7	-1.60%

One must note that the budgets of the larger destinations are further supplemented by regional and city budgets which are independent of NTA budgets. An increasing number of NTAs are entering into joint ventures with the private sector with the marketing and promotion budgets attracting a greater financial contribution from the private sector. In France, for example, numerous campaigns were solely or largely funded by the private sector.

Accessibility to travelling and to tourism services is on the increase, particularly as a result of technology. Organisations continue to develop their own marketing and sales packages in order to identify

and communicate with individual market segments and niches. The trend is towards a direct, or segmented, marketing approach, whereby specific customers are targeted. This type of marketing, which is different from traditional marketing techniques, is being made possible by the development of tourism information systems and electronic networks. The internet provides destinations the opportunity to, as the UNWTO Tourism 2020 Vision report states, "support two important marketing strategies at the same time: segmentation and globalisation. One may contact the 'entire world' and at the same time create specific products for very different market segments." It is not only traditional tourism service providers such as tour operators and hoteliers that are selling the tourism product through the web, but also other non-tourism companies which sell a wide range of holiday products. The market is now much more open to service providers than in past years. Malta must develop such direct marketing approaches if it is to tap into this growing market. E-commerce also provides the opportunity to tourism industry suppliers who will not need to depend so highly on printed material, thereby making significant cost savings.

Destinations also face competition from the increased range of goods and services available in the home country that vie with travel and tourism for discretionary time and spending. Furthermore, the tourism offer in each destination and in the home country presents further competition for destinations as potential tourists decide whether to travel to another country or opt for domestic tourism.

Existing accommodation establishments are facing increased competition from the huge increases in bedstock placed on the market in the newer European destinations and in Northern African destinations bordering the Mediterranean. It is envisaged that in the next few years, the supply of bedstock

will exceed demand, resulting in lower occupancy levels and room rates.

The increase in the price of oil also influences the tourism industry through increased costs for airlines, but not necessarily on the price of transport. It affects the bottom-line of operators, both in the airline industry and other tourism service providers. Aggressive competition through real-price reductions has, in some cases, neutralised the fuel surcharges that airlines had to incur.

Travel within Europe is becoming increasingly attractive due to the availability of low cost travel. City destinations are consequently faring better than coastal or their respective nations. Low fare travel in Europe continued in its upward spiral, increasing by 27 per cent and controlling 34 per cent of overall air travel in 2005. Low cost carriers are dictating the pace and nature of growth of the tourism industry in Europe. Travellers that use LCCs travel more frequently, spend less on travel, take short-break trips and travel on the spur of the moment. This in spite of the on-going threats of terrorism surrounding the airline sector. The low cost operators are introducing greater capacity at a faster rate than the traditional airlines. The major European airlines allow for increased interlining traffic and are therefore still important air transport service providers. It is important to note that air travel accounts for 43% of tourism in Europe, whilst travel by sea represents 7%. Malta cannot benefit from the remaining 50% of trips which are taken by road or rail transport. Malta currently attracts about 50 airlines which operate to and from the Malta International Airport and which carry over 2.7 million passengers in total. Among the airlines which carry over 100,000 passengers are Air Malta, British Airways, Alitalia, Lufthansa, British Jet, and Britannia Airways.

The tourism industry has undergone an unprecedented level of consolidation over recent years. Tough price compe-

tition in European markets appears to be the main reason for this consolidation. Tour operators are consolidating their operations, moving into vertical and horizontal integration, gaining both economies of scale and scope. Travel and tourism service providers are also utilising a diagonal integration strategy, whereby they establish operations to offer products and services which tourists commonly purchase but which are not directly part of the tourism product. Tour operators' strategic decisions inevitably affect destinations, including Malta. In 2003 and 2004, total charter operations increased by 5% and 7% respectively. A decline of 16% was however recorded in 2005, particularly due to decisions taken by operators such as My Travel, First Choice, Condor and Corsair. One must recognise the fact that tour operators' decisions are taken well in advance of the impact of those decisions being felt and statistically recorded. Decisions which are taken today do not only have an immediate effect but also influence the coming years.

Political, social and behavioural trends also influence the prospects of European tourism. Easing of travel restrictions such as border controls and the Schengen agreement among countries facilitates travel. Demographic trends indicate that the proportion of senior citizens will increase in Europe's mature economies, whilst workforces will contract as the number of young people contracts. This is expected to result in an increased demand for tourism products suited to the older market segment, a niche in itself. Value for money will remain important.

Environmental awareness is on the increase in Europe also as a result of higher living standards and levels of education,

and the availability of media reporting on major events and issues. These media reports are likely to feed into increased awareness of tourism development issues and lead to increased scrutiny on the part of the public in destination management and decision making. Sea, water and general cleanliness, air pollution, recycling, habitat, flora and fauna protection, and the level of urbanisation, amongst other issues, are among the environmental issues that attract attention. Sustainable development, on all fronts, is a growing requirement. The increased environmental awareness is in itself generating demand for niche tourism products.

As the majority of Europeans live in densely populated urban areas, demand for rural areas, short breaks, activity based trips, coastal views, or a combination of these is on the increase. There is a trend to travel to more remote and less well known and accessible locations.

According to the UNWTO, these social trends will solidify the attraction of mass market mainstream tourism to developed destinations, whilst at the same time generating demand for individualised or niche tourism products.

Europe's tourism will be shaped as a result of increased competition, social trends, the euro as a common currency in many European countries, the increased financial accessibility due to the growth of no frills, low-cost airlines, and a high level of consolidation by tour operators. Malta, highly dependent on its surroundings, has, throughout the years, had to face hard times in order to flourish. Whilst international trends are crucial in determining Malta's future, the islands' characteristics, uniqueness and level of service are what will distinguish this destination from its competitors.





SECTION 3

DRIVING THIS POLICY THROUGH THE PUBLIC SECTOR

The Ministry responsible for tourism is charged to drive this policy. The policy will be driven and monitored by the Ministry for Tourism and Culture (MTAC) to ensure that this policy is being implemented by the Malta Tourism Authority (MTA), by other ministries and by other government entities which are responsible for elements within this policy. The MTAC will report to the Inter-ministerial Committee for Tourism which will ensure that all parties are on board. It is the responsibility of all government ministries and entities to deliver on the elements referred to in this policy and that fall within their remit. The tourism policy will be reviewed on the basis of its monitoring, when particular issues face Malta's tourism and when major changes in the international scenario occur.

The Public Sector:

Who is responsible for what?

Although one could argue that every entity in Malta is somehow related to tourism, there are three Government structures whose purpose is mainly focused on tourism, namely the Interministerial Committee for Tourism, the Ministry for Tourism and Culture and the Malta Tourism Authority. The other ministries and entities have a key role and responsibility to play through their areas of responsibility which are very important for tourism.

Cabinet

Government's vision for Malta is 'that of a dynamic, high-value-added economy founded on competence, skills, excellence and capable of sustaining a high

standard of living for its entire people.² The Cabinet, amongst other matters, discusses and takes decisions directly relating to tourism. Cabinet has approved this tourism policy.

Inter-Ministerial Committee for Tourism

Chaired by the Prime Minister, the Inter-Ministerial Committee meets to deal expediently with cross-ministerial issues affecting Malta's tourism performance.

Ministries

Tourism is influenced by various activities and therefore it is the responsibility of all. Each Ministry through its particular remit contributes and aims to secure a successful tourism industry based on value for money and a product offer.

Ministry for Tourism and Culture (MTAC)

The Ministry's role in tourism is to co-ordinate the joint efforts of Government, national agencies and the private sector at all levels of tourism's broad-based structure as well as develop synergies between the industry's principal stakeholders and supporting players. It aims at working towards the development and enhancement of Malta's product offer, thereby ensuring that the industry offers value for money and achieves maximum economic returns while retaining its role as a primary contributor to the Gross Domestic Product, to Malta's employment generating potential and to Government revenue. The Ministry also encourages and supports operators in the areas falling within its responsibilities to apply for EU funds and participate in EU-funded activities and, where these funds are handled by the Ministry, to ensure that their use is as stipulated in Community and national laws and administrative provisions. It also is responsible for screening EU legislative and non-legislative proposals that may affect tourism and culture

and propose Malta's position accordingly. The Ministry, through its Information Management Unit, also focuses on issues relating to the management of information systems and internet content, in the fields of both tourism and culture.

The Ministry provides the Malta Tourism Authority with the necessary funding to enable it to meet its objectives including the marketing of Malta as a travel and tourism destination, and to address product and human resource development issues, and to deliver on its regulatory functions.

Malta Tourism Authority (MTA)

The MTA's mission is to advance the economic and social activity of tourism in the national interest, by working with all stakeholders to develop a sustainable industry based on innovation, competitiveness and quality. MTA's key responsibilities are branding Malta, marketing Malta, developing the Maltese tourism product and human resources, and regulating tourism service providers. It is MTA's responsibility to co-ordinate its efforts in these areas of responsibility to ensure the maximum effectiveness of its actions.

Ministry of Finance (MFIN)

The Ministry is responsible for administering public funds, financial regulation and advancement of the economy. The Malta Statistics Authority (MSA) and the National Statistics Office (NSO) fall under the responsibility of MFIN. The NSO has the responsibility to ensure that timely and correct data is collected.

It is the responsibility of this Ministry to ensure that budgets allocated for tourism yield the highest return on investment and that funds are allocated for areas that have a high impact on tourism such as infrastructure and cultural development. The Ministry is responsible for tax collection including collecting its dues from tourism operators. The Minis-

² Securing our Future - _Pre-Budget document 2007

try is also in charge of the economic policy in which tourism plays a major role.

Ministry for Justice and Home Affairs (MJHA)

Parliamentary Affairs, Courts of Justice, local government, police, airport security and civil protection are amongst the responsibilities of the MJHA. All areas impact directly on the tourism industry. Safety and security are crucial for tourism activity. Local councils are encouraged to undertake tourism related initiatives (even by participating in EU funded projects) in order to upkeep product facilities around the islands.

Ministry of Education, Youth and Employment (MEYE)

Within the remit of the MEYE fall education (including higher education which includes MCAST and the Institute for Tourism Studies - ITS), Youth, Sport and Sport Complexes, Employment and Training, Cooperatives, Libraries and Archives. All of these link to tourism either directly or indirectly.

Ministry for Competitiveness and Communications (MCMP)

The responsibilities of MCMP include competition policy, small businesses and self-employed, trade services, consumer protection, the Malta Standards Authority, Civil Aviation, and the Malta Maritime Authority.

Ministry for Resources and Infrastructure (MRES)

Under the responsibility of the MRES fall the Malta Resources Authority, the Building Industry Consultative Council (BICC) and the Works and Services Divisions. Departments within these two Divisions include the Construction and Maintenance Department (which incorporates a Restoration Unit) and Cleansing Services Department.

Ministry for Gozo (MGOZ)

Gozo is an important part of our tourist

offer. Government's belief in the uniqueness of Gozo as a tourist destination is reflected in the attention that is being given to Malta's sister island.

Ministry of Health, the Elderly and Community Care (MHEC)

Government will keep investing in the health sector, for the benefit of locals and tourists. This ministry's mission is to promote and ensure a healthy lifestyle for the citizens of Malta, through the provision of health care services and the necessary monitoring and control mechanisms. Health tourism is being looked into also by private hospitals.

Ministry for Investment, Industry and Information Technology (MIIT)

Government Investments (which include Air Malta p.l.c., Water Services Corporation, and Enemalta Corporation), Information and Communications Technology, investment promotion and Malta Enterprise fall within the responsibilities of MIIT.

Air Malta contributes to making Malta accessible and is a key player for our tourism industry. This highlights the importance of Air Malta maintaining its competitiveness. Water and energy production are essential necessities and government will continue with its efforts in these two sectors. Government has presented its renewable energy policy and will continue supporting water and energy saving measures.

Opportunities for business travel are available and will be looked at through synergies between MTA and Malta Enterprise.

E-society is one of the key areas falling within the remit of this ministry. The tourism portal is an initiative which both the MTAC and MITI are working on to ensure its full potential.

Ministry for Rural Affairs and the Environment (MRAE)

MRAE is responsible for rural development, agriculture, fisheries, the environ-

ment, the implementation of the waste management strategy and the Malta Environment and Planning Authority (MEPA). Policies and interventions that fall under MRAE affect the industry in a direct way.

Ministry for Urban Development and Roads (MUDR)

MUDR is responsible for the upgrading of Malta's land transport infrastructure and the facilitation of capital projects undertaken by Government or in partnership with the private sector. The Malta Transport Authority (Awtorita dwar it-Transport - ADT) falls within the remit of this ministry.

Transportation is crucial to tourism. Buses, taxis, karozzini and other modes of land based transport are regulated by and are the responsibility of the ADT.

Ministry for the Family and Social Solidarity (MFSS)

Social, Family and Child Policies all fall under MFSS, which is also responsible for

Solidarity Services and Equality among other matters.

Ministry of Foreign Affairs (MFA)

MFA is responsible for relations with the European Union, foreign and Commonwealth countries, for international economic relations, external trade and EU information.

This national tourism policy can only be successful if a holistic approach is taken and there is the commitment of all stakeholders primarily ministries and government entities. Government will develop a planning strategy that will co-ordinate the efforts of ministries and entities with the objective of capitalizing on each other's efforts rather than creating situations that hinder development of other sectors.

Government is committed to public consultation and to working in partnership with the private sector and other stakeholders. The private sector is strongly represented through advisory committees.







SECTION 4

OUR VISION FOR TOURISM

Malta's overall policy framework and the factors influencing international tourism and particularly tourism in the Mediterranean, point to a number of issues and challenges facing the tourism industry. These issues must be addressed through our policy responses which must meet our objectives.

Objectives

The three declared Government objectives - Environment, Economy and Education (the 3 Es) and the European Union's policy objectives of economic growth, employment and sustainability are reflected in the national tourism policy objectives, which are:

- 1) to manage tourism in Malta and Gozo on the principles of sustainable development;
- 2) to maintain and conserve environmental and socio-cultural resources, being the key elements of the Maltese Islands' tourism product;
- 3) to increase tourism earnings and tourism value added;
- 4) to sustain existing jobs and create more and better jobs;
- 5) to achieve a fair distribution of income;
- 6) to increase our competitive advantage and deliver quality and distinct tourism product, built on our characteristics;
- 7) to reduce seasonality;
- 8) to capitalise on the unique characteristics of Gozo;
- 9) to increase accessibility to and from Malta;
- 10) to benefit from e-business in tourism;
- 11) to maximise on Malta's membership of the European Union.

To achieve these objectives we need to take into account these issues which relate to governance, competitiveness, sustainability and macroeconomic matters.

Issues and challenges:

- Issue 1: Public finances are finite and must be spent in the most cost effective manner;
- Issue 2: It is the role of government to act as facilitator for and regulator of the tourism industry;
- Issue 3: Developing tourism in a sustainable way to ensure an improved quality of life through the conservation and maintenance of environmental and socio-cultural resources;
- Issue 4: Our tourism industry in general needs to undergo a structural reform in order to ensure quality assurance, innovation in our product and marketing strategies, an optimum mix of the different distribution channels;
- Issue 5: We need to achieve a fair distribution of income
- Issue 6: NSO statistics should be developed to serve also as a tool for planning and evaluation;
- Issue 7: Malta's increased accessibility;
- Issue 8: Our product offer and destination management requires urgent upgrading. Tourist areas should be managed in an attractive manner while ensuring that we give the highest quality service;
- Issue 9: Improving the image and perception of Malta locally and overseas through our brand exercise and our segment based policy;
- Issue 10: We will continue maximising on EU opportunities;
- Issue 11: The challenge to achieve growth and value added in a mature destination;
- Issue 12: Our efforts must be directed in order to reduce seasonality;
- Issue 13: We will invest in the people working in the industry through life-

long learning and will work with relevant authorities in order to improve education in the tourism sector;

Issue 14: Price competitiveness and value for money.

Our policy responses

We believe that our tourism industry has the potential for effectively contributing to Malta's economic and social development. We are faced with a number of challenges arising from external and internal factors.

The following section identifies the various issues that must be tackled and for which a policy response is required. This section specifies the national tourism policy relating to each of these issues. The national tourism plan outlines the tasks which government through MTAC, MTA, or its other entities will deliver in the next five years to address these issues. The co-operation of the private sector is essential to achieve the objectives of this policy. These policies are related to governance, sustainability, competitiveness and macroeconomic matters.

Issue 1: Public finances

Public finances are finite and must be spent in the most cost effective manner.

Policy:

We will continue to ensure the optimal use of the financial and human resources dedicated to tourism through the public sector, particularly to the Malta Tourism Authority. This will be done by monitoring the use of such resources and by ensuring that MTA develops methods of assessing the effectiveness of its major initiatives whilst seeking ways of improving such initiatives. Through our initiatives and through our way of operating, we will contribute to attaining a balanced position for public finances in the me-

dium term that would lead to long-term economic growth and higher standards of living.

Issue 2: It is the role of government to act as facilitator for and regulator of the tourism industry.

Policy :

We will continue to deliver on our responsibility to provide direction to the tourism industry, particularly through this tourism policy and the national tourism plan.

Through regulation and particularly through MTA's regulatory directorate, we will ensure consumer protection and the adherence to standards to achieve competitiveness.

We will work closely with our stakeholders to implement our policy of better regulation. We will, as much as is effectively possible, adopt a one-stop shop approach. This has been and will be the case in the running of schemes for the tourism industry.

Co-ordination among different ministries will continue to take place to ensure proper planning when implementing projects and to eliminate or minimize the negative effect that such projects can have on the tourism industry. We will use our management plans for the tourism zones in order to plan works in these zones. We will also extend this management to core areas for the tourism industry such as the Airport area, the Sea Passenger Terminal area, and the Gozo Ferry terminals areas.

Issue 3: Develop tourism in a sustainable way to ensure an improved quality of life through the conservation and maintenance of environmental and socio-cultural resources

Policy:

It is our policy to manage and balance

economic, social and environmental impacts of tourism seeking the national interest. We will consult and work with stakeholders to manage tourism. We will seek to direct tourism activity towards complementing the three pillars of economy, environment and society rather than allowing them to work in conflict.

One potential area of conflict is construction of buildings. It is our policy to favour construction for tourism purposes that respects our cultural and natural heritage. In non-built-up areas and in the MEPA-designated outside development zones, soft tourism related projects not in conflict with the environment and social fabric may be considered. Construction practices must adhere to all building and construction site management regulations. In tourism zones, construction activity must seek to reduce disturbance to neighbours and visitors staying in nearby accommodation establishments.

Quality of life is not solely influenced by the physical infrastructure. Traffic delays, littering, noise, vandalism, lack of concern and respect to public morals, clean water, lack of greenery and open spaces, low quality service may be among the factors that influence the quality of life of tourists and locals. Through proper planning, tourism zone management and enforcement we will seek ways of increasing our quality of life. It is also our policy to encourage the tourism industry to invest in more environment friendly alternatives.

Environment protection is one way of sustaining an economic activity and a living for many locals who depend on the tourism sector. It is our policy to move more in this direction and ensure that no tourism development results in the destruction and upsetting of sensitive ecological habitats as well as the degradation of historical-cultural resources.

This tourism policy will follow the vision laid out in the National Sustainable Development Strategy.

The location of tourism establishments is very important for the success and marketability of the establishment and of the sector at large. Prime sites have in the past been designated for tourism purposes and should remain so, even if the establishment to which the land was originally dedicated is no longer in operation. We must preserve the primary location of tourism establishments since this is part of the attractiveness of a destination.

Issue 4: Structural reforms required in tourism

Our tourism industry, particularly those sectors which are underperforming, needs to undergo a structural reform in order to ensure quality assurance, innovation in our product and marketing strategies, an optimum mix of the different distribution channels.

Policy:

Structural reforms are required in some components of our tourism product, including that offered by the private sector.

Malta, in such a small geographical area, can offer a great variety of activities and attractions which can be experienced and accessible in a short span of time. This is one of Malta's competitive advantages. We will therefore aim to deepen our offerings, focusing on existing types of activity for improved quality and service provision. The provision of high-quality, creative, relevant and meaningful experiences is becoming the most critical challenge facing destinations. It is our policy to make Malta competitive by encouraging innovative ways of quality improvements, rather than simply extending our product lines.

We must also address the challenge we face in the mix of our distribution channels through attracting tour operator business, independent traffic, and airlines including low cost carriers to Malta.

We will undertake a number of initiatives to facilitate such structural reforms. One such initiative includes the identification of areas of investment that could be undertaken by the private sector and that we would support. Another initiative will be the provision of financial aid to undertake such a structural reform. This will be one of the intervention areas to be funded through the EU's structural funds, particularly through the European Regional Development Fund (ERDF).

Issue 4a: Tour operator business

Our policy is to sustain tour operator business to Malta. Though major tour operators are consolidating their business, we will continue to work with major and specialist tour operators which provide business to Malta. We will seek to improve our relationship with existing tour operators, not just at the level of operations but also at the strategic level. It is MTA's responsibility particularly that of the Marketing and Promotion Directorate, to build such strategic relationships with tour operators.

Issue 5: Distribution of income

Policy:

Tourism provides us with the opportunity to achieve a fair distribution of income through the individual or collective participation of members of our society. Through this policy we aim to achieve a fair distribution of income. This would be achieved by targeting the six areas of specialization referred to in our policy, by spreading tourism activity across different locations in Malta and Gozo and across different potential beneficiaries ranging from the hoteliers to the individual owner of a licensed apartment to a host family to a small retailer, and by working towards the economic participation of all stakeholders.

Issue 6: Tourism Statistics

Following the successful conversion from the system of producing tourism statistics from immigration cards to one which is survey based, a review of the current system is considered necessary with a view to further improving the range and quality of tourism statistics available in Malta. Tourism statistics and research serve as a tool for planning and evaluation.

Policy:

It is our policy to improve the quality and depth of information available through tourism statistics and work on the formulation of tourism satellite accounts.

The proposed review shall be undertaken with the scope of extending the range³ and improving the quality of available data, so as to lead to a more thorough understanding of the tourism phenomenon in the Maltese Islands and to have reliable data that can contribute to strategic decision making.

The review aims to extend the quantity of monthly source markets of tourist departures and also improve the statistical reliability of such data. This will be done with the purpose of establishing a closer correlation between the data being generated, and the markets in which the Malta Tourism Authority is investing.

Efforts will also be made to shed more light on purpose-of-visit statistics in line with the segments approach adopted by the Malta Tourism Authority. Furthermore, expanded data on type of transport and mode of booking trips shall also be sought in recognition of changes taking place in the manner tourists visiting Malta organize their travel arrangements.

In line with developments in most tourist-receiving countries, efforts at measuring internal and domestic tour-

ism, with special emphasis on the island of Gozo, shall also be undertaken.

Statistics other than those measuring tourism volumes, such as those relating to tourism expenditure and tourism overnights also require to be reviewed with the objective of providing the required level of detail for the industry's current requirements. Such statistics, where applicable, are to be segregated between Malta and Gozo, whilst still providing aggregated data. It is general practice that all collected data is segregated by gender, where applicable.

Efforts will also be made to embark on a process aimed at producing a tourism satellite account (TSA) for the Maltese Islands. The initial step, that is the carrying out a feasibility study for having a TSA, was carried out in 2004. This study was partly funded by an EU grant. The TSA will provide both the public and private sector with a measure of tourism value added. The TSA is a methodology based on a number of tables which provide an overall view of tourism as a socio-economic phenomenon and a means by which demand for tourism commodities can be linked to production of tourism commodities by tourism industries. The TSA tables also include a table relating to employment, complementing the analysis provided by the other tables. Besides bringing Malta in line with developments in most advanced tourism destinations, the availability of a TSA provides planners, investors and analysts with the most advanced statistical tool available for decision-making in tourism and allows for international comparability.

The Malta Tourism Authority will enhance its forecasting techniques, to identify and assess opportunities and threats. We can thus monitor trends and take actions accordingly. We will make use of international experts in the area in order to develop a sound forecasting methodology.

³ Similar exercises must be carried on a number of subjects primarily culture. In this case possible stakeholders include NSO, MTAC, Superintendence of Cultural Heritage, Heritage Malta, MCCA, St. James Cavalier Centre for Creativity and Manoel Theatre.

Issue 7: Accessibility

Malta's geographical reality necessitates the existence of appropriate air links with mainland Europe and other parts of the world. Air transport is key to Malta's survival, for its economic and social cohesion, for its daily requirements of transportation of cargo, movement of mail and freight including perishables and for its tourism industry. Air transport is also crucial for enterprises and the business community to have access to an appropriate network of air travel routes to different destinations. This is important as air travel is the only viable means of business passenger transport.

Policy:

Government is committed to continue to facilitate the development of air transport networks. We will encourage the development of new and underserved routes. We want to see an increase in air seat capacity which provides the right connections and schedules which make Malta accessible. We will co-operate with MIA and it is our policy to work with existing and new airlines operating to and from Malta to increase Malta's accessibility and visibility on the international market through joint marketing efforts.

Whilst air transport accounts for more than 95% of tourist volumes, the sea also provides an additional mode of transport. We will seek ways of increasing Malta's accessibility through sea links with Italy.

Gozo suffers from double insularity, requiring greater attention to facilitate access between Malta and Gozo both for tourism purposes and for residents. This will also support domestic tourism.

Issue 7a: Low cost airlines

Our policy is to attract new airlines to operate to and from Malta. International trends indicate that low cost airlines are

registering highest growth rates. Malta must tap into this distribution channel keeping in mind that we are highly dependent on our tourism activity. We must not jeopardise our existing tourism business through any hasty and uncalculated decision we take, even if short term gains are large. We must consider long term implications. We will analyse the profile of tourists who use low cost carriers and assess their demands and plan accordingly.

We must balance the current international trends in the sector with long term impacts on Malta and society at large. We must take into account the following:

- 1 We want to increase accessibility to and from Malta, not only for tourism but also for other economic activities;
- 2 We want to attract new business carried by these carriers and which is not at the expense of existing business;
- 3 We want to have a good mix of air carriers and types of business (tour operator, independent);
- 4 We should not become dependent on any one air carrier or have one carrier in a dominant position;
- 5 We want to maintain existing airlines which not only make Malta accessible for our major source markets but also provide interlining traffic and connections to long haul source markets, whilst providing additional services such as cargo air services;
- 6 We will adhere to the EU's competitiveness and state aid regulations to ensure a level playing field for all airlines.

Issue 8: Our product offer and destination management

Malta's product offer is composed of its sea and coastal formations (including sandy, rocky, cliff and harbour forma-

tions), its culture, its people and its landscapes. The combination of all these in such a limited land mass is what makes Malta unique.

Policy:

We will continue to focus our efforts on deepening our touristic offer through quality improvements in both our existing physical product and the service we provide. This should be well presented and then communicated to potential tourists as something truly worth exploring and experiencing. Hereunder we outline our policies on the different aspects of our offer and on communicating this to potential tourists. This is followed by our policy of co-ordinating these various elements.

a) Transport on the islands

We will continue to invest in improving our infrastructure in order to facilitate access between the different areas of the islands. We will increase accessibility to sites and places of interest by increasing signage and information material that lead up to these sites. This will help tourists using self-drive cars to locate places of interest more easily. We will also invest more in information dissemination through our tourist information offices in order to provide more and better literature that will help tourists get around. We will continue to invest in upgrading the public transport and provide training for transport operators so as to continually improve the service delivery. Public transport service between main tourist zones and main sites will continue and improve depending on circumstances.

b) Marine environment

We will continue to invest in the provision of services, such as lifeguards, first aid and beach cleaning for our existing beaches. We will work in order to achieve blue flag status for our main beaches. Our beaches are saturated particularly during the peak summer months. Whilst

upgrading existing beaches we have embarked on the creation of beaches in areas where we will not cause damage to the coastal stretch or to the ecosystem. We are committed to protect our marine life. The location of such beaches is important and we will give priority to those sites which are closer to a cluster of accommodation establishments in the leisure zones. The new beaches will assist in reducing the pressure on our natural beaches. Following the creation of beaches, we will monitor any possible effects which our human intervention could have had on the coastal stretch, currents and marine ecosystem.

The marine environment also provides us with the opportunity of exploring the underwater world through diving. It is our policy to support this activity as has been done through scuttling of wrecks and the setting up of a decompression chamber in Gozo. For our tourists and the local population to enjoy diving, we must ensure that the marine ecosystems are protected, also through clamping down on spear-fishing. We will undertake anti-pollution measures particularly through elimination of the outflow of sewage into the sea and the location of fish farms in areas where damage can be minimised. Our seabed is also rich in attractions and wrecks, most of which are of a heritage value. Our policy is to ensure their protection and prevent looting from such attractions and wrecks. Together with the local diving community we will develop a master plan for the diving business. A master plan for diving in Gozo is already underway. The diving plan for Malta will need to take this into account to ensure complementarity rather than direct competition.

Malta is proposing a number of Marine Protected Sites. A greater understanding and appreciation is needed from tourists and locals about the fragile marine environments we are surrounded with. Protecting marine resources will safeguard their enjoyment for generations to come. Interpretation of our ma-



rine environment can provide tourists with interesting information and adds value to their stay in Malta.

c) Culture

Malta's cultural heritage will continue to be protected, conserved and presented for all to appreciate and enjoy. It is the responsibility of the Superintendence for Cultural Heritage to ensure that our cultural heritage is conserved and protected. Government has entrusted Heritage Malta with the responsibility to manage government owned heritage sites including our invaluable World Heritage Sites and government owned museums.

It is also essential to ensure cultural assets are valued and appreciated, especially buildings of unique architectural value, which act as an important and unique attraction for our visitors. High standards of presentation and conservation for Valletta and all other walled cities and fortifications such as Fort St Angelo will be a priority.

We are committed to increase physical and intellectual accessibility to heritage sites and the arts particularly by investing in conservation, interpretation and management of sites and investment in artists through training, exchanges and the provision of performing or exhibiting spaces. It is our policy to increase the element of innovation and creativity especially through the work done by St. James Cavalier Centre for Creativity, thus increasing the local content and value added. We will also invest in order to increase the interaction between artists and the community and to increase education through culture by encouraging school visits to places of cultural heritage, providing information on our sites and museums and by involving more artists in education and holistic formation programmes. The Ministry is also working on a number of cultural related projects that can serve as centres for attracting foreign students and artists.

d) Landscapes and tourism zones

Malta's landscapes are characterized by coastal, urban and rural settings. It is our policy to maximize the opportunities presented by such settings, whilst harmonizing the historical, natural and urban environment. Within these settings, it is essential that authenticity is safeguarded. The environment itself is an important element in the authentic tourism experience and projects should ensure the protection of such resources thus adding value to the tourism product, rather than exploited at the expense of the environment.

Malta may boast of some endemic species of flora and fauna that should not only be preserved but also presented to the visitor in a way that a greater understanding and appreciation is nurtured. Access to our countryside may lead to a new type of tourist interested in our natural heritage and provides added value to those who already visit and comment on our countryside. It is our policy to continue addressing issues of land abandonment and squatting. This will be done through co-operation among a number of ministries, foremost of which the MRRA.

Countryside walks will continue to be presented to our tourists and these can also include bird sanctuaries. Access of paths for these walks should also be unrestricted. It is our policy to reduce the visual constraints, such as illegal structures and improper rubble walls, along these paths.

The management of our destination, in its totality, must fall in line with the National Sustainable Development Strategy. Tourism will contribute to this strategy to ensure sustainability for the benefit of tourism itself. The strategy highlights the fact that tourism infrastructure has grown rapidly over the years, with the consequent impacts on fragile environments particularly in coastal locations. The conclusions of the carrying capacity study carried out by the Malta Tourism Authority (MTA) need to be translated

into policy actions. Activities with high environmental impacts should as far as possible be diminished if not completely aborted.

e) Tourism in designated rural areas

The small size of Malta, the extreme high population density and considerable built up landscape and limited natural habitats highlight the importance of careful management of the rural areas as a national resource. Built and natural heritage make an essential contribution to quality of life, giving context and coherence to the present while acknowledging the contribution of the past. Malta's heritage is varied and rich in many aspects and requires immediate attention and significant investment.

The impact of urban sprawl in past decades has influenced the extent of urban fringes or the transitional area between urban and rural. Given that these vary from one location to the other it is difficult to establish thresholds to identify their extent due to their diverse characteristics. The 1990 Structure Plan earmarked specific areas for urban development; however some land within the limits to development is still used for agricultural purposes, whilst new built-up zones and urban areas are still scattered outside the designated development zone (ODZ) in some parts of the countryside.

Rural areas are defined as having a population density lower than 5,000 persons per square kilometre – in line with the definition of rurality established in the Rural Development Plan 2004 – 2006 – as having not less than 10% of the area of the locality agricultural land, and as having not less than 35% of the locality outside development zone. Thus there are 21 urban localities* found on the island of Malta, mainly in the Northern and Southern Harbour Districts. The remaining 47 rural localities** where agricultural activity, countryside recreation and nature conservation are practiced are mainly located in the remaining 4 Dis-

*** List of designated urban localities:**

Southern Harbour – Valletta, Birgu, Isla, Bormla, Fgura, Floriana, Marsa, Paola, and Tarxien

Northern Harbour – Birkirkara, Gżira, Hamrun, Msida, Pembroke, Pietà, San Ġiljan, Santa Venera, Sliema, Swieqi, Ta' Xbiex

Western – Balzan

**** List of designated rural localities:**

Southern Harbour – Żabbar, Kalkara, Luqa, Santa Luċija, Xgħajra

Northern Harbour – Qormi, San Ġwann

Southern Eastern – Żejtun, Birżebbuġia, Gudja, Għaxaq, Kirkop, Marsascala, Marsaxlokk, Mqabba,

Qrendi, Safi, Żurrieq

Western – Mdina, Żebbuġ (M),

Siggiewi, Attard, Dingli, Iklin, Lija, Rabat (M), Mtarfa

Northern – Għarghur, Mellieħa, Mġarr (M), Mosta, Naxxar, San Pawl il-Baħar,

Gozo and Comino – Rabat (G),

Fontana, Għajnsielem & Comino,

Għarb, Għasri, Kerċem, Munxar,

Nadur, Qala, San Lawrenz, Sannat,

Xagħra, Xewkija, Żebbuġ (G)

tricts namely Northern, Western, South Eastern, Gozo and Comino Districts.

The implementation of integrated development plans for local rural areas through the drawing up of Local Action Groups (LAGs) should serve as an instrument for the implementation of bottom-up, territorial and integrated approaches to pursue local development. The advantage of bottom up approaches can mobilise resources for the development process. This happens because of the availability of the local knowledge of the resources available which will assist in the ownership, commitment and full dedication to the projects. This approach can also generate a sense of local identity which will narrow village boundaries, whilst increasing the organisational capacity of rural communities. The National Rural Development Strategy em-

phasises on the importance of agriculture as being particularly important in shaping the rural landscape and is thus a major contributor to the environmental character and quality of the rural landscape. The provision of food from agriculture imparts a degree of self-sufficiency to the Maltese population, and provides full or part-time livelihood for a significant number of people, contributing to the rural economy as well as to the maintenance of rural communities. It is also an integral component of the cultural heritage and a crucial backdrop for the tourism industry, a cornerstone of Malta's economy. Agriculture has multiple functions and a value beyond that of economic production. This is also being recognised in the Government's emergent policy for agriculture and rural areas through the current Rural Development Plan and in the National Strategy Plan for Malta which aims in seeking to encourage a multifunctional agriculture within a wider framework for integrated rural development to achieve the sustainable development of rural Malta.

Currently the traditional specialities, crop varieties and skills have been progressively neglected as a result of excessive focus on a limited variety of 'quantity crops' with a widespread toleration of short term practical techniques, in contrast to other Mediterranean delicacies and practices that have been successfully marketed as gastronomic and agri-touristic attractions in their respective regions and localities. Till recently there were no attempts to market Maltese produce as a distinctive brand or to market on the basis of the guaranteed quality of Maltese production. Quality standards are virtually non-existent for Maltese agricultural produce. There is a heavy dependence on traditional wholesale markets and little effort to identify and market produce through new marketing channels resulting mainly through poor collaboration between farmers and other stakeholders in the sector. Maltese

agriculture may compete on the basis of quality but not on the basis of quantity of the produce that it produces, and will need to establish speciality niche markets for a number of products. This entails a major change in the marketing and the processing approaches of the main agricultural commodities in Malta, whilst taking into consideration the very short supply chain from producer to consumer, as well as the additional market of around 1.2 million tourists a year and the potential offered by niche markets.

Malta needs to offer differentiated, high quality produce that promotes the distinctive Maltese nature of the produce being sold. The promotion of the Maltese production through the use of quality identification marks will require cooperative marketing techniques primarily amongst producers and agro-processors.

This, coupled with improved educational and marketing strategies that focus on sustainable practices, care for the environment and landscape, appreciation of traditional delicacies and artisan methodologies, cultivation of indigenous varieties and their products, and an all-round quality orientation that is increasingly sought after by more demanding consumer markets, both current and potential, locally and internationally.

Agriculture in Malta has a multi-functional role due to its role in maintaining the countryside and rural landscape and in enhancing the tourist potential of the area. Agriculture is also an integral component of our cultural heritage. There is thus a need for the development of environmentally-friendly agriculture as an essential element of a more pro-active tourism product.

Land development has an effect on biodiversity, directly through alteration, fragmentation and loss of natural ecosystems, habitats or species, or indirectly through increased interference with environmental media through air, soil and water, noise and light pollution and the vicious cycle effect of the ensuing eco-

logical imbalances. As in most Mediterranean countries, many of the plants and animals in Malta have evolved alongside traditional agricultural practices. From the point of view of nature conservation, therefore, these traditional agricultural practices (such as rubble wall terracing) are important to the maintenance of rural biodiversity.

It is also our policy to ensure and encourage a better quality of life in rural areas and diversification of the rural economy through the implementation of rural tourism activities. Rural tourism allows the creation of an alternative source of income in the non-agricultural sector for rural dwellers. The added income from rural tourism can contribute to the revival of traditional folk art and handicrafts. It is an ideal and natural method of rural and urban economic exchange.

Measures to diversify the rural economy may comprise diversification into non-agricultural activities; support for the creation and development of micro-enterprises with a view to promoting entrepreneurship and developing the economic fabric; encouragement of tourism activities.

Measures to improve the quality of life in the rural areas, comprising; basic services for the economy and rural population; village renewal and development and conservation and upgrading of the rural heritage.

Issue 8a: Management of tourist areas

Policy:

Malta's tourism offer will be managed through the tourism zone policy. Such tourism zones will be clearly delineated and legislated for.

The tourism zones that have been identified are

- 1 Valletta and the Grand Harbour area (including Floriana, The Three Cities and Kalkara);
- 2 Mdina, Rabat, Dingli (including Ta' Qali);

- 3 Sliema, St Julians, Paceville;
- 4 Bugibba, Qawra, St Paul's Bay (including Mellieha and Xemxija);
- 5 Gozo;
- 6 Coastal areas.
7. Special focus on other areas with emphasis on authentic village cores, Special Protected Areas (SPAs) and Special Areas of Conservation (SACs)

It is our policy to provide particular attention to these zones. Within these tourism zones, which are also leisure areas, the immediate priority will be given to ensuring that basic facilities within these zones are available, well presented and maintained. These basic facilities include a clean urban environment, upgrading of waste management infrastructure, beach cleaning (where required), availability of public toilets, proper signage, improved landscaping, interpretation of key sites and the enforcement of regulations (including regulations relating to tourism service providers, littering regulations). Other key tourist areas such as the Malta International Airport, Malta Sea Terminal, Ferry terminals (Cirkewwa and Mgarr), will also be given attention because of the daily traffic of tourists passing from these areas. Specific management plans will be developed with the respective operators.

Each tourism zone has a particular characteristic which should be emphasized as well as a unique role to play in the Maltese Islands' overall tourism product. Each zone should be presented not as a substitute for another zone but complementary to all other zones and in this regard development should be consonant with the role identified for each particular zone. This is intended to encourage tourists to visit and experience the different zones during their stay in our islands. This will help us achieve a fairer distribution of income and increase employment

throughout the islands whilst alleviating some of the pressure off the more visited sites and locations.

To date there are no established footpaths that direct users along routes where one can enjoy the countryside and views without damaging the environment or trespassing on private land. Since rural areas particularly those along the coast are sought after by locals and tourists alike for their landscape value, the absence of footpaths may cause conflicts with farmers when hikers and walkers pass through the fields. A more holistic approach is currently being sought for whereby Malta's rural assets could be utilised in a sustainable manner.

The rural environment offers an opportunity to explore further the sustainable use of this resource to enhance the tourism offer and address the demand and opportunities for open air recreation in natural and man made landscapes meeting the residents' needs for relaxation as well as the link to our cultural identity. This would also assist in providing better awareness of the local rural resources leading to their protection and conservation.

Project proposals aiming at the setting up of walking trails and small scale infrastructural interventions could assist in the improvement of accessibility in semi-rural, rural and natural areas. These proposals could target the 'relational tourist' whose main aim is that to actively experience his vacation by enjoying the beauty of the area, the culture, and traditions, the desire to relax and be entertained and the need to interact. There is also an emphasis on the need of interaction between the traveller/tourist and the local people providing tangible and intangible achievements. These activities could further seek to identify the pull factors that can strengthen rural tourism in Malta whilst ably responding to the current demand patterns and to the increasing trend towards independent travelling. The identification of initiatives that form

the basis for a product that is ideal for the low season would assist in contributing to the mitigation of the seasonality problem without affecting negatively the rural environment. By offering an alternative to a non-mass tourism product, initiatives would widen the local tourism product offer. Additionally, a fair distribution of income would be envisaged since similar initiatives would involve the local community thus contributing towards fair economic growth.

Independent travelers and visitors participating in these walks would be encouraged to reap the benefits of the rural experience through fruit picking, wine processing and olive picking activities. It would also help to maintain the entrepreneurial stability and profitability of traditional crafts such as lace-making and the related local produce as well as in other important artistic human activities relating to the art of stone-making, production of wine, oil and honey. Such initiatives would undoubtedly provide the opportunity for vast local community areas to reveal the potential of local produce and craft making. Through these rural activities and the marketing platform provided for such rural activities the growth of traditional niches such as honey production, oenology and oil making, liquors production, lace making and other traditional trade is envisaged.

These initiatives would also assist in the enhancement of niche market development for trekking and rambling activities; to assist the agricultural sector, its produce and the local rural activities in the areas; the contribution towards fairer distribution of income; reduction of the seasonality of tourism demand and further assist rural economies to grow and rural cores and villages to attract small scale tourist stays.

It is our policy to identify the important niches in the different zones and direct investment accordingly. We will also formulate and implement a management



plan for each zone. The plan will identify the investment required, service needs of the zone, infrastructural development, conservation and accessibility issues. Each zone has a particular role to play in the country's tourism activity, whilst at the same time being a residential zone.

Enforcement is key to success. Self-regulation by the industry will allow the competent authorities to focus more closely on hot spots which require increased enforcement.

Issue 8b: Service provision through our people

Policy:

The tourism industry is basically a service industry. It is our policy to continue giving particular attention to ensure that visitors to our islands get the best service possible. Our policy is to encourage tourism service providers to provide a proper service. The provision of a professional service combined with a hospitable attitude can contribute to our competitive advantage. We want to reduce unemployment by retaining staff and providing the necessary support structures and work patterns, and by training and retraining personnel in the industry in order to fit in the new working scenario where having a positive experience through interaction with the destination's population is becoming increasingly important. This will result in an improvement of the industry as the quality of service delivery is increased and as changing demands facing the industry are met and satisfied. Tourism provides both full-time and part-time job opportunities. It is our policy to maintain jobs whilst also seeking ways of creating new and better jobs. Whatever the type of job, whether directly or indirectly related to tourism, it is essential that a professional service is provided. It is our policy to focus our efforts for improving service provision on those sectors which have regularly at-

tracted low ratings from tourists for the level of service provided.

We will continue to invest in our younger generation through increasing their awareness of career and job opportunities in tourism emphasizing the importance of proper service provision.

These efforts will be complemented by a strong regulatory arm responsible for ensuring that standards are continuously adhered to by the private tourism service providers who will be encouraged to move into quality assurance.

Government's efforts must be complemented by those of the private sector which is expected and encouraged to:

- Invest in staff development and training;
- Award best employees for their effort;
- Opt for the provision of quality service and establish partnerships with service providers offering a quality service.

Issue 9: Image/Perception/brand building

Malta must compete with major tourist destinations such as Italy, Spain, France, Turkey and Tunisia in the Mediterranean and also with long haul destinations, given that these are becoming even more accessible. Malta's image overseas needs to be strengthened.

Policy:

It is our policy to create the right image and perception of Malta in our overseas markets. It must be an image based on a promise which we then deliver to our visiting tourists. For this purpose, our strategy is to build a brand for Malta over the coming years in our overseas markets whilst adopting initiatives which will ensure the delivery of our promise. We have already commenced work on this exercise and we have identified our three core values as being: hospitality, heritage and diversity. This message will continue to

be strengthened through our marketing initiatives.

Gozo will be marketed internationally as a unique rural destination offering a distinctive experience where visitors can get away from it all, be in touch with unspoilt nature while having the possibility to engage in a number of relaxing activities and integrating with the Gozitan community. The potential of domestic tourism for Gozo will also be tapped in order to ensure a steady flow of Maltese visitors to the islands not only during the peak season but especially in the lean and shoulder months when activity on the islands diminishes.

We have identified a number of segments for which Malta can be marketed as a result of an existing product offer. These segments complement each other and MTA is therefore responsible to not only market Malta for these individual segments but to create synergies among these segments. Such synergies should be reflected in the marketing plan.

We will develop an e-business strategy for the industry. We will develop the use of a destination management system (DMS) for destination marketing, promotion, information dissemination and reservation of products and facilities while supporting travelers to create their personalized destination experience. We will assess the potential of new media such as m-commerce to allow visitors the possibility to purchase products and services. We will exploit the use of geographical information systems to relate information with the geographical location of the visitor.

Issue 9a – Market development

Each tourism segment that has been identified requires specific product elements. MTA must ensure that there is close synergy between destination management and the requirements of each segment. Segmentation cannot be

achieved unless synergies are created within the cluster contributing to and forming that segment.

The role of the MTAC and the MTA is to develop the way forward for the different segments. This strategy will be mirrored in the management plans for the zones (which plans will identify work needed and responsibilities). The Product Planning Directorate and the Regulatory Directorate will develop stronger links with their counterparts in other ministries in order to see the implementation of projects. In our marketing strategies we will increase the participation of the private sector by devising common marketing campaigns. The private sector will be expected to increase its contribution through in kind services.

The segments can be divided into the following:

1. Culture – promotion of this segment focuses on the totality of experiences in Malta and Gozo with particular attention dedicated to our way of life incorporating our cultural heritage, our contemporary arts, our history, our traditions and calendar of events. This segment inevitably contributes to all the other segments.
2. Language learning and education – promotion of Malta and Gozo as a place where to learn English as a second language, where to organise student groups' visits as part of their secondary or tertiary education and as a centre of excellence for specialized education in the cultural field;
3. Sports – promotion of Malta and Gozo as a venue for practising sports or acting as a spectator.
4. MICE – promotion of Malta and Gozo as an attractive destination for holding conferences, meetings, exhibitions and incentives;
5. Cruise - promotion of Malta and Gozo as an attractive destination

for cruiseliners. We will strive to make Malta a home port for a number of cruise liners.

6. Growth – promotion of Malta and Gozo for other established or emerging niches such as cruise and stay, short and city breaks, wedding holidays, health and wellness, event related travel and film.

MTA will continue its international marketing function through its leisure and Tour operating strategy – with the promotion of Malta and Gozo as islands in the Mediterranean with a wonderful climate, attractive sea and beaches and a safe place for entertainment or family related activities. This strategy focuses mainly on one of the major tourism distribution channels targeting the summer sun and the winter sun holiday maker.

MTA will also continue the promotion of Malta's sister island Gozo as an experience where a number of activities can be engaged in and/or experienced. Gozo's characteristics of a quiet ambience, a greener and more natural environment, a more rural community, point to Gozo's potential as an ideal rural destination. This provides Gozo with a destination's identity and could form the basis of our marketing strategy for Gozo, both for international and for domestic tourism.

What follows is a more in-depth look at the different marketing functions.

Tour Operating

We must continue with our efforts to keep our share of the market, though we recognise that tour operators that represent the major source of business in the segment are consolidating and that their share of the market is slowly decreasing due to other distribution channels. The MTA must strengthen Malta's position in the main markets and work in order to

increase visibility in new source markets (including long haul destinations). The Ministry will support:

- 1 **Strategic alliances with Tour Operators** – We will forge stronger alliances with tour operators in order to increase visibility of the islands. We will also work with the strategic people of the tour operators in order to ensure that our future tour operating policies reflect the needs of tour operator's whilst ensuring that we are always in the forefront in tour operator's brochures and promotion initiatives.
- 2 **Increase seat capacity** - The MTAC will continue with its efforts to increase seat capacities to Malta particularly through the introduction of low cost flights to Malta and the forging of stronger alliances with national airlines.

Gozo

Gozo has the potential to be marketed as a unique rural destination. The following components of its tourism offer may be highlighted in MTA's promotional strategy:

- Rural Setting;
- Culture;
- Relaxing ambience;
- Gastronomy;
- Meetings, incentives, and small conferences in a rural setting;
- English Language Learning;
- Sports – mainly diving, water sports, adventure sports, trekking and walking.

Gozo will be marketed as a destination offering a unique experience where visitors can get in touch with nature while having the possibility to engage in a number of healthy or relaxing activities. The potential of domestic tourism for Gozo will also be tapped in order to ensure a steady flow of Maltese visitors to

the islands not only during the peak season but especially in the lean and shoulder months when activity on the islands diminishes.

As in the case of all segments, it is essential that the product offered is truly attractive and marketable. For this purpose, a number of initiatives will be undertaken to further improve Gozo's potential as a tourism destination.

- 1 **Accessibility between the Islands** – We will facilitate access between Malta and Gozo. The investment in the Cirkewwa and Mgarr terminal reflects government's commitment towards providing a more efficient sea link.
- 2 **Services** – We will invest in the development of the human resources in Gozo by working with the Ministry for Education, Youth and Employment and the Ministry for Gozo in order to inject further investment in the ITS branch in Gozo. Continuous development of all persons working in the industry (full and part timers) is essential.
- 3 **Standards for self-catering accommodation** - We will revise the standards of farmhouses and other self-catering establishments in Gozo. We will also support investment aimed at upgrading existing farmhouses, maintaining their unique character, into luxury and up-market farmhouses. This will enable to re-position Gozo as an up-market destination.
- 4 **Energy friendly measures** – Our commitment is to build a sustainable industry that respects the natural environment by not only contributing to the development of the economy but is also environment conscious. We are committed to support energy friendly measures aimed at reducing infrastructural pressures and fuel consumption. The Ministry is a strong believer in corporate so-

cial responsibility and will forge stronger alliances with stakeholders who will re-invest in the community's culture and the natural environment since these investments not only benefit the Gozo community but also the tourism industry.

- 5 **Business** – Gozo should attract small but high value added conferences and incentives. Investment in conserving the natural environment, in cultural and sports activities will increase the attractiveness of Gozo as the ideal CIT destination.
- 6 **Stop over cruises** – We will increase accessibility to Gozo also for cruise liner passengers by creating the necessary, non-permanent, infrastructure that will enable stop over cruises.
- 7 **English Language Learning and educationals** - We believe that Gozo is a quality destination for English Language Learning being safe, quiet and having a number of established cultural activities. In line with its policy for Gozo, the MTAC believes that EFL on Gozo must not focus on the quantity of schools but the quality of service and tuition delivered especially for the adult market (including Business English) and one to one courses. Once again such language learning is in a unique location, in a rural setting. Gozo's geographic formations and form of development can attract secondary and tertiary student groups travelling as part of their educational curriculum. Gozo would be ideal for geography, sociology and tourism students. We will also increase Family Travel for EFL courses in Gozo. Gozo's accommodation facilities, relaxed lifestyle and rural setting make it ideal for increasing this niche.

- 8 **Sports** – Diving in Gozo is already an established sporting activity. Support in order to increase accessibility to diving sites, on-site information and scuttling of dive wrecks will continue in the coming years. Gozo is also ideal for trekking and walking holidays.
- 9 **Culture** - Ggantija is the oldest free standing monument in the world and is located in Gozo. This World Heritage Site has the potential to attract not only the day-visitors but also those who are particularly interested in archaeology and history. Investment in a better quality life for our population and enhancement of our cultural portfolio will increase the attractiveness of Gozo as a mature tourist destination. Gozo should identify culture niches which it can positively exploit for the benefit of the tourism industry. Investment by government and the private sector should be primarily injected in the identified areas. The Ministry for Tourism and Culture understands the necessity of increasing physical and intellectual accessibility for cultural activities and will support investment that will ensure accessibility for all including interpretation, investment in cultural industries, physical accessibility to museums and places of interest, and investment in artistic productions. In line with the national cultural policy we believe that the cultural and tourism sector must combine forces in order to find creative ways of presenting the cultural product with more involvement of artists for developing interpretation facilities and complementary utilization, upgrading and marketing of Malta's heritage sites.
- 10 **Domestic tourism** – Gozo has a lot of potential for increasing do-

mestic tourism especially during the winter months. At present Gozo is facing a lot of competition from hotels situated in the north of Malta which are offering attractive prices for weekend breaks making it more affordable to spend a weekend in a hotel than in a self-catering apartment / farmhouse in Gozo. We will keep working in order to increase the share of Maltese who cross over to Gozo during the winter months for a weekend break. MTA may utilize a portion of its Gozo budget for this purpose. Government will keep capitalizing on current events and activities in order to increase the attractiveness of Gozo during the winter months. The domestic tourism strategy will aim at increasing awareness of Gozo, its activities and attractiveness.

Culture

Culture has the role of defining and differentiating between different peoples. The Ministry for Tourism and Culture while being fully aware of the role of tourism in respect of the local economy, and whilst giving its full support for the advancement of the industry, is also aware that tourism can be a foe as much as a friend to culture in matters of development. In order to minimise damage, initiatives will be undertaken with the utmost responsibility towards our culture, our natural environment and our social fabric.

Culture tourists vary from tourists who visit a museum, site or attend a cultural event or activity such as a performance whilst on a holiday, to those who visit the island for a particular culture related activity or trail. Malta, for a number of years, has aimed at increasing the number of tourists who visit the islands for culture related reasons.

Our cultural heritage sites are a means to attract tourism and increase visitor



WORLD
TELECOMMUNICATION
DEVELOPMENT
CONFERENCE

LBN

LTU

LUX

MDG

MLA

MLD

MLI

spend. Research indicates that those whose main purpose of visit is leisure (targeted through the leisure and tour operator segment) visit particular cultural sites during their holiday. For this reason the Ministry believes that the MTA's culture segment should complement and strengthen the efforts undertaken by the other segments. The leisure, MICE, English language learning, growth and Gozo segments are all highly dependent on Malta's cultural product. The culture segment division will also focus its attention on attracting tourists that visit specifically for culture related issues (events, visits of sites, culture studies).

The MTAC will give its full support to the development of cultural tourism mainly by:

- **Management** –The Ministry will support the work of entities who will invest in conservation of sites / museums or artistic activities. The Ministry will also encourage private sector investors who are willing to invest in these areas as long as the principle of conservation is adhered to.
- **Accessibility (physical, information and intellectual)** – We believe that each visit must be a unique experience. For this reason the Ministry, through the entities falling within its remit, will strengthen its effort to transform sites and events into authentic experiences for both locals and foreigners. The MTAC will support projects aimed at improving accessibility (physical, information and intellectual) for all ensuring that equality issues (especially gender, ethnicity, disabled persons) are taken into consideration. The Ministry is also a strong believer in the capacity of children and the role they play in the development of tomorrow's society. For this reason we believe that each project must cater for

all family members with particular attention being given to young children.

- **Heritage and the Arts** – The Ministry acknowledges the importance of all aspects of our culture and as such believes that MTA should focus on attracting tourists for all aspects of culture: history, crafts, tradition and performing and visual arts. Targets for this segment should be more focused, attracting more specialized and higher spending tourists who visit the islands either for a particular trail (e.g. on the footsteps of St. Paul) or for study or specialised visits. The MTA culture segment will also assist government's culture policy which has identified particular culture niches (such as music and visual arts) and is working in order to further develop them. The culture segment within the MTA will be the marketing arm of these entities and attract artistic students and musicians to Malta. MTA will work with the Superintendence of Cultural Heritage, Heritage Malta and relevant authorities in order to market Malta's world heritage sites. It is also our policy to establish the right structures which would place Malta on the international map of specialized education in the field of culture, focusing particularly on music and art. With internationally reknowned names in these fields, we will have a platform to market Malta for such purposes in the international market.
- **Events** – Culture interested tourists visit a number of places for short stays and for particular events. The Ministry believes that Malta has a portfolio of cultural activities which can serve as a tourist attraction. The Ministry will give its full support to entities in order to increase the quality of

events and will support private enterprises willing to invest in such activities.

We must work to ensure that Gozo and the culture segment link with all the other motivational segments. Such synergies between segments must be further strengthened.

English Language Learning and education

It is our policy to develop Malta into a destination where different age groups can undertake courses in various fields, including in languages.

The Ministry, through the MTA, will:

- **Work closer with the EFL Monitoring Board** – The EFL monitoring board is responsible for the EFL schools. This board will develop monitoring criteria which will check whether tuition is being delivered according to professional standards. The board will increase the number of school visits (visits will be conducted without prior warning to schools). The board will assess schools and take decisions on the operation of the schools accordingly. Results of these schools' visits will be communicated to the Ministry of Education, the Ministry for Tourism and Culture and the MTA on a quarterly basis. Monitoring will focus on the level of English being taught, courses delivered and ambience in schools, amongst other matters.
- **Tackle the issue of seasonality** – While we should continue to attract the current volumes of EFL students during the high season,

we will intensify efforts to increase numbers during winter. We will therefore encourage private sector efforts aimed at attracting more students during the winter months.

- **Increase quality of service in English Language Schools** – The Ministry will support⁴ private sector efforts⁵ to improve quality of instruction delivered at EFL schools and quality of programmes organized. Start-ups in this market should seek to provide differentiated and specialised language learning, in order to be able to compete locally. We will support quality initiatives undertaken by the schools which aim at increasing the number of students coming over in the shoulder months. Particular attention should be given to the development of the adult market and specialised courses aimed at attracting a more mature and high spending clientele. In order to increase the level of courses we will also facilitate accessibility to places of cultural interest. Synergies between language schools and sports clubs will also lead to enhanced experiences for our visitors.
- **Ensure value for money** – We believe that we should capitalise on natural resources and continue investing in our service in order to increase quality and service standards. The English Language sector employs a number of part-timers, summer employees and higher-secondary and university students. While supporting this, the Ministry believes that much more attention and training should be given to EFL employees. The Ministry, in collaboration with the Malta Tourism Authority, will develop a code of ethics for the

⁴ Support does not necessarily mean financial aids.

⁵ FELTOM has already introduced the Accreditation Scheme which aims at improving quality amongst its members. Such initiatives should be encouraged and extended to all EFL schools.

English Language sector in order to ensure that proper behaviour is manifested by EFL employees. The MTA will also support the EFL sector by organising annual training courses for EFL employees. Training aimed at teachers, group leaders and events organisers will give detailed information (including legal responsibilities) expected from these employees. Quality assurance will be encouraged by the Regulatory directorate within the MTA. The MTAC and MTA will work with the MEYE through the EFL Board in this direction.

- **Invest in English plus courses** – In view of this the MTA will develop stronger links with Malta Enterprise in order to facilitate visits for interested EFL business students to visit local industries.
- **Ensure accessibility** –Asian and South American markets are major growth markets that need to be tapped. We will therefore strengthen our efforts in these markets. The MTA will study the potential of these markets and upon the results of such studies will increase its marketing in long-haul destinations. The MTAC will continue to ensure flight connections between major European airports and Malta. The MTAC will also strengthen ties with the Ministry for Foreign Affairs and the Ministry for Justice and Home Affairs, particularly the Police Immigration Unit in order to facilitate the issuance of visas. We will issue student visas for the duration of the course they will be following, but not exceeding one year.
- **Work and Study experiences** – Many EFL students, especially those staying long periods search for a part-time job that not only

helps them sustain themselves but enables them to practise their English. Government will analyse possible impacts that this niche has on the tourism sector and the economy and act accordingly.

- **Support host families** – Host families are an important aspect of the EFL experience in Malta. Host families provide safe accommodation for students giving ease of mind to parents at home. The Ministry, through MTA, will support initiatives aimed at instigating more families to host students. The MTA will invest in training for host families. The Regulatory directorate of the MTA will also strengthen its support to schools so as to reduce illegal hosting.
- **Ensure safety** – The Ministry will work more closely with the Ministry for Justice and Home Affairs and the Police department in order to increase safety in the streets especially in entertainment areas such as Sliema, St. Julians, Paceville and Bugibba.
- **Increase connections between zones** – The Ministry will work closely with the Ministry responsible for transport and the ADT in order to ensure frequent bus connections for the main tourism zones and direct connections between different zones in Malta and Gozo. The MTA will also continue its training programmes for transport operators.
- **Promote Gozo as an EFL destination** –In line with its policy for Gozo, the MTAC will direct its efforts to ensure that EFL on Gozo focuses on adult market (Business English), family travel for EFL and one to one courses.
- **Tapping of new markets** - MTA and the private sector will carry out the necessary studies in order to assess which new markets can

be tapped for this segment. Promotion in these segments should only be considered if the necessary budgets are available and will be effective enough to seriously tap the market. Studies assessing the success of any campaigns will be carried out. Decisions whether to continue with these marketing efforts or whether to tap new markets will be taken following the results of these scientific studies.

It is our policy to develop Malta as a centre of excellence for specialized education in the cultural field. For this purpose, we will facilitate and invest in the appropriate structures required to set this up.

Meetings, Incentives, Conferences and Exhibitions (MICE)

Conference and Incentive travel is one of the backbones of the local tourism industry. Government will:

- **Ensure quality leaps**-DMCs are encouraged to improve the quality of the service offered. Studies carried out by the Malta Tourism Authority show that there is a big discrepancy between operators in the same sector and that investment in better service delivery, increased efficiency and above all else innovation is highly lacking.
- **Improve its marketing efforts for this segment** - MTA will develop highly professional tools for this segment and provide services similar to those provided by our competitors' conference bureaux.
- **Increase focus on pharmaceutical and IT conferences** – In line with government's investment policy, the Malta Tourism Authority should dedicate some of its promotion in order to increase pharmaceutical conferences and IT related conferences. MTA will

develop an IT business strategy aimed at increasing the number of conferences and meetings especially in view of the possible Smart City investment. The MTA, in collaboration with Malta Enterprise will develop an investment strategy aimed at capitalising on these thematic conferences in order to increase exports and additional investment on the islands.

- **Increase theme specific association annual meetings** – The MTA (in collaboration with Malta Enterprise) will work with multinational companies that have an operation base in Malta in order to attract annual conferences of specific associations. MTA will assist local companies and organisations which are members of international associations to attract more conferences to Malta. Such assistance should particularly be made in the form of placing bids for hosting the conference. Such a system should particularly target bids for multi-national and European Commission conferences.
- **Increase of exhibitions and product launches** – tap on the potential offered by exhibitions and product launches.
- **Improve intangible services** – CIT delegates expect the highest service delivery. The MTA Industry Human Resource Development Unit must identify gaps in service quality. Joint efforts between the private sector and this unit within the MTA must ensure that training in service delivery improves. Service delivery must improve throughout from airport personnel, internal transport operators, hotel employees, catering staff, and conference and incentive service providers. CIT delegates pay a high price in return for a quality service. They

are also potential return visitors thus services received while on a conference are the best promotional tool to make them return for a holiday.

- **Invest in innovative events** – the Ministry for Tourism and Culture, through its various entities, has already invested in a number of high quality events which have proved to be an attraction for visiting tourists. The private sector, on the other hand, has complemented this by investing in a number of high level events, most of which are now becoming part of the annual calendar of events. We will continue supporting their investment. We will do this by:
 - Retaining an element of innovation;
 - Where possible make use of authentic local products;
 - Disseminating timely information on forthcoming events (at least one year in advance so that it can be marketed overseas by the MTA marketing and Promotion Directorate, DMCs and other operators)

The Ministry will also work with the different entities falling under its jurisdiction to develop more events involving local arts and crafts. Events and sites will be made more accessible to locals and foreigners alike and special attention will be paid to the needs of CIT delegates (e.g. offering alternative opening hours or reserving seats against payment).

- **Investment in VIP facilities** – The CIT sector demands high quality service throughout the whole stay. The Ministry supports initiatives that enhance VIP facilities at the points of entry and exit (airport and port) such as faster check-in services, baggage handling, and restaurants offering local cuisine.

The Ministry, together with MTA's product planning division will come up with a management plan for the different zones where the interests of the segment are developed.

Sports Segment

Diving –

The Ministry recognises the importance of the diving sector and will support:

- **Quality leaps** – Investment should not be targeted towards increasing the number of schools offering similar services but towards increasing the quality of service delivered.
- **Enforcement** – The Regulatory directorate of the MTA will continue its efforts to stop illegal diving operations.
- **Reduce seasonality** - We believe that we can increase the number of diving enthusiasts during the shoulder and winter months. The Malta Tourism Authority Sports Segment, whilst attracting divers for the summer season, must focus its attention to increasing the number of divers in the shoulder and winter months.
- **Support development of services** towards a more specialised and personalised diving service.
- **Product improvement** - The Ministry will support product development that will help increase access to diving sites if this development does not have a negative effect on the natural environment of the area. Accessibility includes paths into the sea, information billboards, security at dive sites and health and safety measures.
- **Wreck diving** - One of the biggest attractions for divers is wreck diving. The Ministry will continue supporting the sector by facilitating the scuttling of wrecks.
- **Protection of the sea bed** – We



must constantly take care of the sea bed if we want this niche to flourish. The Ministry will take an active role in government discussions that might have an impact on the seabed in order to ensure protection of our natural heritage. The Ministry, through the Superintendence of Cultural Heritage and Heritage Malta, will also commission studies in order to produce an inventory of underwater heritage areas. Plans for their conservation and protection will also be developed.

Other sports –

The Ministry will support:

- **Summer and winter camps** – The Ministry believes that we can increase the share of youngsters who visit Malta during the summer for training purposes. The MTA must increase its promotional activities with international sports clubs in order to forge alliances with overseas clubs so that these can use local facilities for training. Malta should also try to forge alliances with renowned international sports centres. We should focus our effort to promote the use of existing sport facilities. This will provide us with a higher return on investment and better utilisation of existing resources.
- **Major sports events** – Major sports events such as the P1 competition, Middle Sea Race, Malta Open Bowling Competition, Malta Marathon and Malta Open Snooker Competition are established annual events which give Malta coverage. The Ministry will continue supporting these and other international events.
- **Other Sports disciplines** – The Ministry supports sport activities and will work in order to increase

the possibilities of getting international teams and professional sports persons to train or compete in Malta.

- **Watersports** – Elements of this sport tend to be very seasonal but popular with the summer visitors. The Ministry will continue supporting these initiatives.
- **Rock climbing / trekking** – Interest for this sport is increasing. We believe that Gozo has a lot of potential in this regard which can be exploited. The Ministry will support private sector investment in these areas. The MTA sports segment must also work to increase the share of visitors who come to Malta (with particular emphasis for Gozo stays) for rock climbing and trekking.
- **Yachting** – 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.

Growth Markets

The Ministry, through MTA, will increase other arrivals and expenditure of tourists visiting Malta for other reasons such as:

Cruising – The Investment in the new cruise passenger terminal shows government's commitment towards the sector. Government will also continue its efforts at promoting Malta as a 'cruise and fly' destination. Cruise passenger visitors are potential tourists. Best service must be given to these visitors. We will engage on the garden city project (co-funded through EU structural funds) in order to improve the aesthetics of Floriana and Valletta. This will also provide cruise passengers with the possibil-

ity to experience local art in the arts village which will be situated in Floriana and will give cruise visitors more spending opportunities. We will keep striving in order to make Malta a homeport for a number of cruise liners. The MTA is already working to include Malta in the brochures distributed by cruise specialists. Gozo will be promoted with operators of clippers (small cruise ships carrying less than 1000 visitors). These will visit Gozo and Malta. Travelling in smaller numbers but providing a higher yield, these tourists are more attractive for Gozo. Government will make the necessary investments in order to have offshore berthing facilities.

Strengthen short breaks – The Ministry will maintain and promote a national calendar of events. The newly launched scheme aiming at attracting low cost airlines is one of government's policies with the objective of increasing the number of short holidays in Malta. The Ministry will continue working to increase seat capacity. We will continue supporting events / activities that are an added plus for any Malta stay. Events / activities organised by government and private sector alike must be marketed well in order to attract the right mix of tourists. The Ministry will be working in order to strengthen the links between the different parties with the aim of having a calendar of events well in advance which can be promoted overseas. Ministry entities will also seek private partnerships in order to work on activity clusters (e.g. rock festivals, arts events) that will serve as an attractive proposition for potential tourists.

Relaxation – In the last couple of years some hotels have invested in health and spa facilities in order to market Malta for this emerging market. Malta can increase the number of tourists who visit for relaxation. holidays ⁶ A revision of the standards of wellness facilities will

help us position Malta and market this niche as an added value to short breaks.

Medical holidays – MTA will keep supporting private institutions who are interested in developing this niche. Private hospitals have invested in the product and are working with international organizations in order to obtain permits to affect operations on their behalf. The MTA will support such initiatives through marketing efforts.

New source markets – Malta has been experiencing saturation in its source markets such as the UK and Germany. The introduction of low cost airlines will increase the attractiveness of Malta in these countries. We must tap new markets such as Spain, Portugal and Eastern Europe. The MTA must devise a marketing strategy for these markets and allocate a budget accordingly.

Wedding holidays – MTA will keep marketing Malta as a wedding destination. We will develop the related product and service in order to offer a true experience befitting the situation.

It is our policy to ensure that marketing, product development, human resource development and regulatory initiatives are well co-ordinated and integrated to ensure that the identified segments continue to develop and result in a positive economic and social contribution to Malta and Gozo. Synergies amid these segments must be created for the benefit of all.

Issue 10: Maximising EU opportunities

Policy:

We will continue to maximise the benefits that result from our EU membership and actively participate in the decision-making process and discussions held at an European Union level.

⁶ Relaxation rather than wellness holidays are being promoted. The reason is that Malta can never compete with destinations such as Hungary who specialise in these kind of holidays because of the natural springs they have. Apart from that a revision of the standards of these wellness facilities is needed.

The Ministry together with the Malta Tourism Authority will ensure that the introduction of the euro will enhance Malta's overall competitiveness and not lead to increased tourism prices.

Malta will during the period 2007 to 2013 be benefiting from EU Structural Funds which total €850 million complemented by the national co-funding. These structural funds include the European Regional Development Fund (ERDF) which aims to address the infrastructural needs of the country, and the European Social Fund (ESF) which focuses on the development of human resources and employment. Both funds foresee direct support to the private sector and non-governmental organisations.

The financial plans that are currently being discussed between Malta and the European Commission envisage that 13% of the ERDF will be allocated to direct tourism projects. Other projects, such as urban regeneration and upgrading of environment infrastructure, will also be of benefit to tourism. It is envisaged that such projects will take up about 50% of the ERDF. About 10% of the ESF may be allocated to projects focusing on training and employment in the tourism and cultural sectors. These projects may be implemented by the Ministry for Tourism and Culture, the Malta Tourism Authority, Heritage Malta, Malta Council for Culture and the Arts, St James Cavalier Centre for Creativity, the private sector and non-governmental organisations.

The tourism sector will through these projects benefits in terms of an improved tourism product and service and increased employment opportunities.

Issue 11: Achieving growth and value added in a mature destination

Policy:

It is our policy to seek ways of increasing tourist expenditure and more impor-

tantly of increasing the economic return and value of tourism in Malta. We will monitor this progress through tourism satellite accounts which will provide us with a measure of tourism's value added.

We will also seek to increase value added through utilisation and presentation of our visitor attractions. We will seek to increase repeat business through encouraging customer relationship management by the private sector.

Issue 12: Reduce seasonality

Policy: It is our objective to reduce seasonality, though we acknowledge that tourism activity is by its own nature seasonal.

Issue 13: Employment, education and lifelong learning

Employment

Policy:

We will promote the right environment leading to the creation of more and better jobs in the tourism sector. National employment policies and initiatives, as specified in the National Action Plan for Employment, will contribute to this and the tourism service providers will be encouraged to work within the set environment. It is our policy to continue addressing the issues that are forcing women out of the labour market. Retaining staff is crucial and female staff, in particular, can only be retained if and when the necessary support structures and work patterns are available and accepted. We will encourage such improved work practices to be taken up by the private sector.

Whilst some opportunities for employment do lie within the traditional tourism related service providers, more opportunities exist which to date remain relatively untapped in the non-traditional tourism related service providers such

as in the conservation and interpretation of sites, in the creative industries, in the crafts industry, in tourism policy making and planning. We want to encourage investment in such tourism service providers whilst providing the training required for young people and those wanting to work in these industries, which complement tourism.

Education and lifelong learning

Policy:

We will continue to raise our population's appreciation of our cultural and natural assets. We will focus on targeting people who work directly or indirectly in the tourism sector ensuring that they have proper training opportunities. This should lead to the delivery of a quality service and hence improved competitiveness.

Investing in our children's education at all levels is essential. We will work with educators to identify the best ways of instilling in our children the skills required, the right attitude towards work, and hospitality. Hospitality has been identified as one of our core values for branding Malta and we must therefore ensure that the characteristics of our population are maintained.

We will develop and carry out a tourism awareness campaign with primary school children. The campaign must highlight the importance of tourism, related sectors and contribution that is expected from everyone. The creation of child friendly characters, media and material will be undertaken accordingly through the co-operation of MEYE, MTAC and MTA.

Together with the relevant authorities we want to ensure that training is available for all those who want to work in the tourism sector.

The training structures must continuously improve the training provided. They must ensure that such training is in line

with the requirements of the tourism industry, in terms of availability of courses (time when courses are held, duration of courses, and quality of course). The national commission for higher education has been set up and is now operational. This will review the operation of ITS and will work in order for ITS to have a legal basis.

We want to facilitate access to training as we consider investment in today's and the future's human resources as key to delivering a positive experience to our visitors. In order to encourage lifelong learning, we will provide free or subsidised training opportunities in the fields which are considered essential for the tourism industry. This must be based on the industry's training needs analysis.

Training must be delivered by specialized personnel capable of meeting the needs of the industry. We will assess the need for private training enterprises to have qualifications which enable them to deliver training related to the subject.

Lifelong learning opportunities will be provided for those interested to start or to continue working in the tourism sector. MTA, through its Industry HR Development section, will implement initiatives aimed at providing such opportunities. The European Social Fund (ESF), forming part of the EU's Structural Funds, together with national funds, will co-fund such initiatives.

Issue 14: Price competitiveness and value for money

Policy:

Price competitiveness is crucial for any destination. Malta must not only compete on price but also on providing value for money. It is our policy to continuously monitor Malta's overall price competitiveness, particularly in terms of the destination's relative price with our source markets and with our direct com-

petitors, in terms of tour operator packages and in terms of the prices of items normally purchased by tourists. It is our policy to curb practices of overcharging through increased enforcement and consumer protection measures by increased co-ordination between MTA's Regulatory Directorate and MCMP's Consumer and Competition Division. Over pricing and exaggerated profit margins will lead to reduced competi-

tiveness and reduced expenditure by tourists during their stay in Malta. It can also lead to negative recommendations to family and friends by visitors.

Providing value for money requires the right balance between the price being charged and paid and the service or product being offered. This policy is very closely linked to that relating to our product offer, destination management and service provision.



SECTION 5

MONITORING THE IMPLEMENTATION OF THE POLICY

A monitoring mechanism will be set up within the Ministry for Tourism and Culture and will have the objective of monitoring the implementation of the tourism policy and the national tourism plan. Following inputs from those who are responsible for implementing the policy, quarterly reports on the progress of implementation will be drawn up, highlighting the areas where progress has not been made and difficulties are being faced. The reports will be distributed to the Minister for Tourism and Culture, Inter-Ministerial Committee for Tourism, and the Permanent Secretary MTAC. An assessment of why milestones may not be reached and suggestions for improvement will be passed on to the MTAC EU Affairs and Policy Development Directorate and MTAC Permanent Secretary. These will then decide on the best way forward in order to try and reach the desired objectives.

The Director EU Affairs and Policy Development will also use the Policy Directors forum, led by the OPM's Permanent Secretary responsible for Policy, in order to ensure that the tourism policy is in line with other policies drafted by different ministries, and particularly to discuss policy issues that need the support of other ministries.

Co-ordination among ministries and government entities is crucial for the implementation of this policy. All existing structures within government are responsible for ensuring the implementation of this policy.

This policy will be reviewed periodically and changes may be made in response to international trends and national developments.

If required, we will also report to the Strategic Environmental Assessment (SEA) Audit Committee in order to ensure that we comply with the SEA directive.



SECTION 6

THE TOURISM PLAN

The aim of the tourism plan is to present in one coherent document that which all tourism stakeholders will be doing to contribute to the further development of tourism in Malta and Gozo. The tourism plan necessitates commitment from all stakeholders particularly in its implementation phase. Furthermore, to be in a position to formulate this plan, the Ministry for Tourism and Culture must have the support of all its stakeholders and particularly of the private sector which is to provide data and information as requested. Without proper data and information, the plan will not have a good basis.

The basis of the tourism plan is the national tourism policy.

The plan will be further developed to:

- 1 Establish the current distribution of income on the basis of current tourist expenditure patterns and employment levels, outlining its flow into the tourism value chain.
- 2 Identify what structural reforms are required on the basis of studies on underperforming sectors.
- 3 Identify the optimum mix of the different distribution channels

and service providers through a specific study on this.

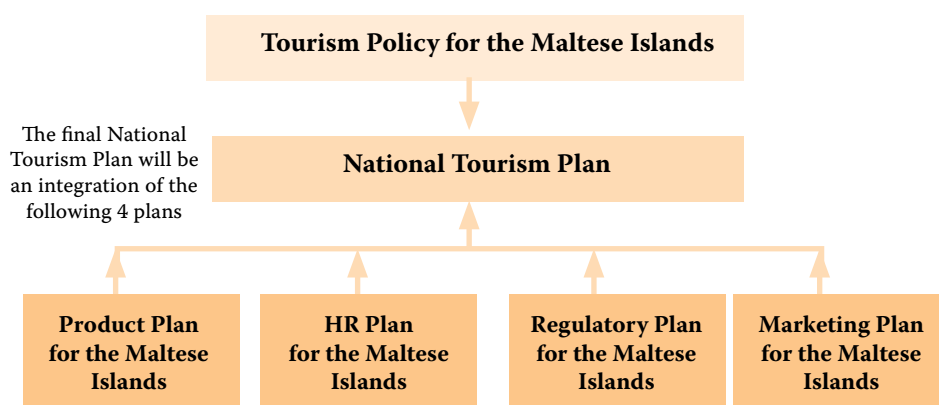
- 4 Identify the investment areas that have the potential to create more and better jobs.

The final national tourism plan will present in an integrated manner:

- 1 A product management plan which will include:
 - The tourism zone management plans
 - The areas of investment required in these zones
- 2 An integrated marketing plan
- 3 A human resource development plan
- 4 A regulatory plan

For these plans to be implemented, the plan will identify:

- 1 MTA's contribution to tourism as outlined in MTA's strategic plan.
- 2 Other ministries and public entities contribution to tourism.
- 3 The private sector's role and contribution to tourism and particularly to each of the market segments and to service delivery.





SECTION 7

CONCLUSION

Tourism remains a key sector for Malta's economic and social development. Government is committed to do its utmost to ensure that the tourism activity

happening in Malta is sustainable and based on that which is authentic, increases value added and builds on the diversity that these islands can offer our guests.



APPENDIX 1

INTERNATIONAL FORECASTS, EUROPEAN AND MALTA'S PERFORMANCE

UN World Tourism

Organisation Forecasts

The UN World Tourism Organisation (UNWTO), particularly through the *Tourism 2020 Vision*⁷ study forecasts that the number of international arrivals worldwide will increase to almost 1.6 billion in 2020. This translates into a forecast growth rate averaging 4% a year. The scale and shape of world tourism in the future will be influenced by economic factors, technology, travel being facilitated, safety, demography, globalisation, localisation, social-environmental awareness, living and working environments, “experience” economy and marketing.

Europe is expected to continue to be the most visited tourist destination in the world with a projected 527 million tourists for the year 2010 and a projected total of 717 million tourists for the year 2020.

The anticipated growth rate of 3.1% per year is one point below the world average, resulting in a decline in market share of 54% in 2004 to 52% by 2010 to 46% by 2020. Within Europe, arrivals in the Central/Eastern subregion and in the East Mediterranean subregion are expected to grow the fastest, with Southern Europe, which includes Malta, being forecasted to register the lowest growth rates. The forecast average annual growth rate (1995-2020) for Southern Europe is 2.6%. Within the Southern region, the upcoming destinations of Croatia and Slovenia are expected to register the highest average annual growth rate, that of 8.4% and 6.0% respectively. Malta's other direct competitors, such as Turkey and Cyprus within the East Mediterranean region are expected to experience a 5.5% and a 2.5% average annual growth rate. Malta, on the other hand, is forecast to have a 2%

average annual growth rate both between 2000-2010 and between 2010-2020. If the UNWTO's forecasts for Malta are to be actualised, then this will translate to an average annual growth rate of 2.8% from 2006 onwards. Growth rates which are higher than this may be unrealistic and unachievable.

The UNWTO's forecast for Malta is lower than that expected for the 21 countries bordering the Mediterranean and which is expected to be 3%. The new and emerging Mediterranean destinations are expected to achieve the higher growth rates, whilst the mature destinations such as Spain, Cyprus, France, Greece, Italy and Malta will register growth rates which are lower than the Mediterranean average. This will result in lower market shares for these countries.

European Tourism Performance in 2005-2006

Despite the continued threat of terrorism, natural disasters, the impact and threat of avian flu, and political uncertainties, world tourism grew by 5.5 per cent in 2005 reaching an all time-record of 808 million arrivals. Europe, in 2005, recorded 18 million additional arrivals or a relatively modest growth of 4%, which is still one percentage point above the long-term trend of the region. The increase in tourist arrivals experienced in 2005 is a consolidation of the good results achieved in 2004 when a +10% growth was experienced. The top performers in terms of percentage growth rates during 2005 were the following:

Latvia	+ 21.0%
Turkey	+ 20.6%
Monaco	+ 15.0%

⁷ UNWTO is considering updating the mentioned study to take into account further developments that have taken place in the international scenario after the study was carried out.

Lithuania	+ 14.8%
Greece	+ 11.0%
Finland	+ 10.6%
Switzerland	+ 9.9%
Slovakia	+ 8.1%
UK	+ 8.0%
Croatia	+ 7.0%

Growth was strongest in the Northern Europe region (+7%) boosted by the UK. Southern and Mediterranean Europe registered an increase of 6% with Turkey having the highest increase of 20%. Spain, Croatia, Israel and Serbia-Montenegro recorded growth rates of 6%, 7%, 26% (Jan-Oct) and 27% (Jan-Oct) respectively. The growth in European tourism was also due to increases achieved by Central and Eastern European destinations such as the Baltic States, Latvia (+21%), Lithuania (+15%) and Estonia (+7% Jan-Nov). These destinations are generally emerging destinations which are attractive to travelers wanting to explore new destinations. Among the main drivers of tourism growth for Europe in 2005, two should be singled out - accelerating demand for low cost, no frills air travel and the increased prominence of Central/Eastern Europe, not just as a tourism destination but also as a source market. As a result of these trends, which led to shorter, more frequent trips, and despite the recovery of certain longer-staying, long haul markets, preliminary estimates point to slightly lower growth for international tourism receipts, or tourism spending, than for international arrivals in Europe during 2005. International tourism receipts, as reported by the UNWTO, for Europe increased by 2.3% in constant prices in 2005 over 2004. The growth in international tourism receipts generated by Southern/Mediterranean European destinations was lower, at 1.5% increase in constant prices.

Preliminary results show that in the first four months of this year (2006) there was an increase of 10 million in-

ternational tourist arrivals worldwide, reaching a total of 236 million international tourist arrivals worldwide. Arrivals in European destinations are estimated to have grown with the moderate rate of 2.5% in the period January to April 2006. The Mediterranean experienced a 5 % increase in international tourist arrivals during the same period, with Croatia, Israel, Serbia-Montenegro and Spain registering the highest growth rates. Turkey and Cyprus are estimating a decline of 7% and 4% respectively. Malta registered a 1.1% increase during the first four months of 2006 but an overall decrease between January and August. The UNWTO Panel of Tourism Experts were confident that prospects for the May to August 2006 period would be positive. However this positive trend may be affected by terrorism, higher oil prices (especially for aviation fuel), the threat of an avian flu outbreak, and stricter security measures.

Malta's Tourism Performance 2005-2006

Volumes

In 2005, tourist departures totalled 1,170,610, contributing to an average annual increase of 1.1% over the last three years, and a 1.3% increase over 2004. The main reason for visiting Malta remains leisure. Business travel accounts for about 8% of volume, 5% being for conferences and incentives. During 2005 total tourist departures by air totalled 1,150,769 an increase of 2.1% over 2004. In 2005, tourist departures by sea decreased by 8780 from the 28,621 tourists who visited in 2004. 2006 was another up-hill struggle for the Maltese tourism industry which was still reacting to the 2004 and 2005 changes which took place in the tourism industry particularly in the Malta Tourism Authority. Between January and June 2006, total tourists departures

reached 471,728, a decrease of 2.4% over the corresponding period a year ago.

Length of Stay

The average length of stay for 2005 was 9.5 nights. The 1.15 million tourists visit-

ing Malta by air generated a total of 10.93 million guest nights. These nights were distributed as follows:

Almost 70% of nights are registered in hotel type accommodation, whilst the remaining 30% are registered in self-cater-

Table 6: Number of nights registered in accommodation establishments:

	Jan-Dec 2004	Jan-Dec 2005	% change
5 star hotels	1,087,021	1,156,750	+6.4%
4 star hotels	3,821,771	3,757,287	-1.7%
3 star hotels	2,096,652	2,087,910	-0.4%
2 star hotels	139,808	98,568	-29.5%
Unclassified	8,132	13,083	+60.9%
Own private residence	365,127	485,315	+32.9%
Aparthotel	571,427	489,000	-14.4%
Furnished premises	804,709	808,009	+0.4%
Other	2,078,749	2,037,247	-2.0%
Total	10,973,396	10,933,169	-0.4%
Tourists by air	1,127,407	1,150,769	+2.1%
Average length of stay	9.7	9.5	

Source: National Statistics Office

ing, own accommodation or with friends and family. In 2005, the increases in guest-nights were registered in five star hotels and in non-serviced accommodation.

In the first six months of 2006, guest nights in five star hotels continued to increase, registering a 4.3% growth. On the other hand, the three star hotels regis-

Table 7: Number of nights registered in accommodation establishments, January to June

Nights	Jan-June	Jan-June	Jan-June	% change
	2004	2005	2006	
5 star hotels	443,202	496,003	517,137	+4.3%
4 star hotels	1,634,038	1,611,811	1,607,913	-0.2%
3 star hotels	879,400	885,259	762,037	-13.9%
2 star hotels	49,338	40,335	62,854	+55.8%
Unclassified	6,374	2,031	-	
Own private residence	137,369	190,794	160,754	-15.7%
Aparthotel	264,596	175,761	157,362	-10.5%
Furnished premises	303,856	250,435	316,109	+26.2%
Other	774,977	790,393	699,848	-11.5%
Total	4,493,150	4,442,822	4,284,014	-3.6%
Tourists by air	471,407	478,751	467,487	-2.4%
Average length of stay	9.5	9.3	9.2	

Source: National Statistics Office

tered a decline of 13.9%. Increases were also registered in furnished premises. This could be the first indication that the share of independent travellers is increasing.

Tourism Earnings

Total average expenditure per capita in 2005 was Lm365. This expenditure includes a tourist's expenditure on the flight, accommodation and during the whole stay in Malta. Total tourist expenditure in 2005 amounted to Lm427.6 million, of which Lm 203.7 million was expenditure on the package, Lm 32.3 million and Lm 50.1 million was recorded as expenditure on non-package accommodation and airfares respectively, whilst other expenditure amounted to Lm 141.4 million.

In the same period expenditure on package travel reached Lm79.5 million, a decrease of LM1.0 million or 1.2%. Non-package expenditure (airfares and accommodation) also decreased by LM1.6 million or 4.9%. Other expenditure from both package and non-package tourists increased by LM0.5million reaching Lm55.5 million. Overall in the period between January and June 2006 total tourist expenditure decreased by LM2.1 million or 1.2 %.

MTA tourism expenditure surveys indicate that tourists visiting Malta spend 40% of their expenditure on accommodation, 11% on food and drink, 13% on transport, 14% on recreation activities, 20% on shopping and 2% on other expenditure. Tourists interviewed highlight the lack of expenditure possibilities especially on authentic and local products.

Accessibility

98% of Malta's tourists arrive in Malta via our air links. More than 50 airlines operate to and from the Malta International Airport, carrying both tour operator traf-

fic and independent travellers. Air Malta accounts for almost 57% of passengers carried, whilst the other major traditional airlines carry a further 16% of passengers. The existing low cost operators account for almost 4% of passengers. Tour operator carriers account for the remaining 23% of passengers. Tour operators however also charter aircraft and book seats on traditional air carriers.

Employment

The labour force survey presented by the NSO provides employment statistics relating to employment in hotels and restaurants. In 2005, over 13,000 people were employed in hotels and restaurants, 61% being males and 39% being females. This gender mix slightly changed from that of 2004, when 63% were males and 36% were females. The average gross salary of those employed in hotels and restaurants is reported as being Lm 4252.25 in 2005, which increased from Lm 4,213.95 recorded in 2004. It is worth noting that the pool of available personnel that could be recruited into the sector will be mainly female, according to the Labour Force Survey.

It is estimated that about 20,000 full-time equivalent jobs are directly employed in tourism, (i.e. in accommodation and catering establishments, travel agencies, car hire firms, Air Malta and other direct tourism service providers), accounting for about 12% of employment in Malta. A further 20,000 people are dependent on tourism earnings that circulate in the Maltese economy, also as a result of the multiplier effect. It is our intention to sustain existing jobs and increase new employment in tourism. This has to be done by ensuring that tourism earnings which remain in our tourism are maintained and preferably increased.



200

CENT FRANCS

CENT FRANCS

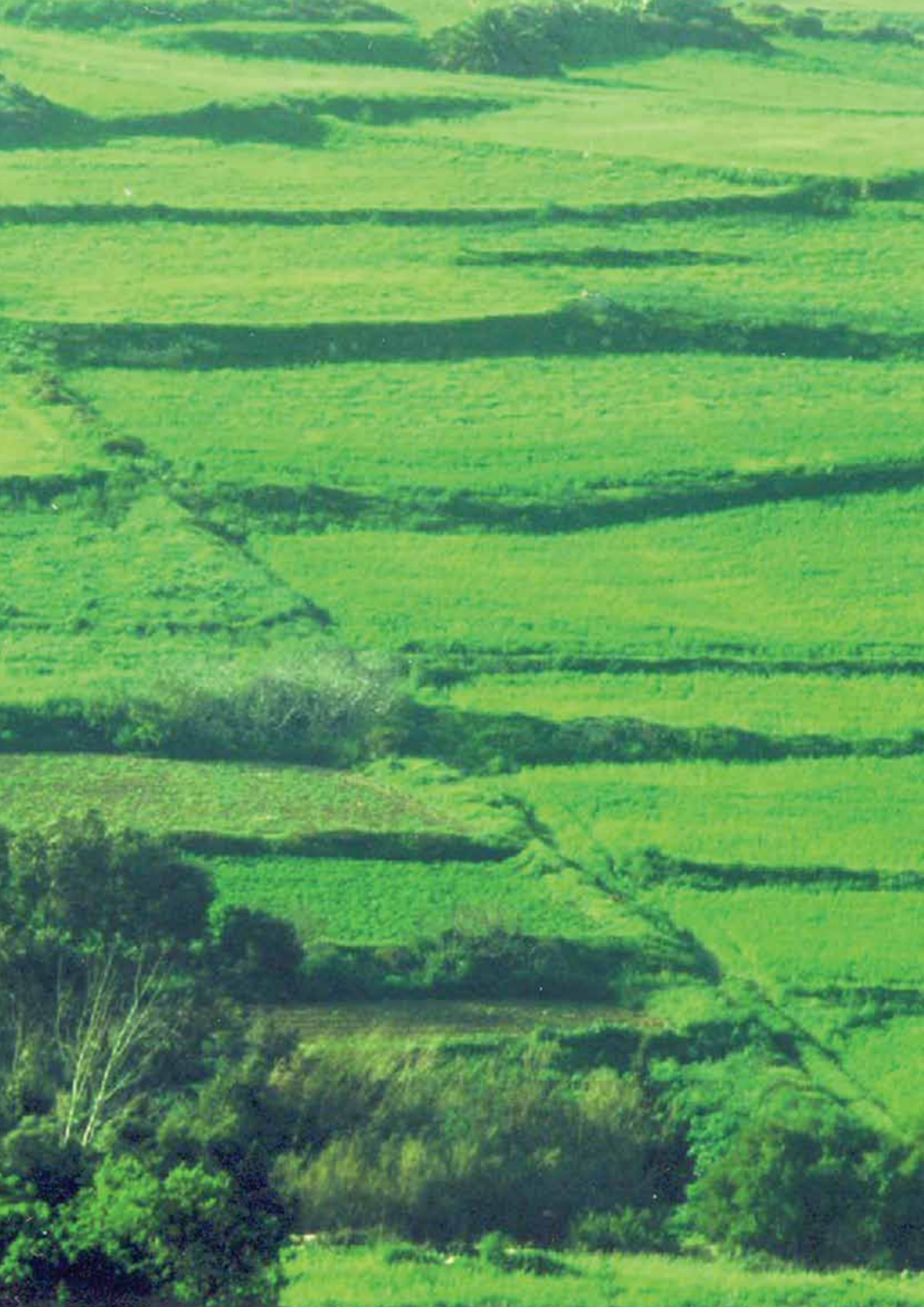
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APPENDIX 2

THE PRIVATE SECTOR

The Private Sector

The private sector in Malta is composed of a number of airlines, accommodation establishments, catering establishments, travel agencies and destination management companies, dive operators, language schools, car hire firms, guides, visitor attractions and transport service providers. The data below provides an overview of the number of operators in the sector.

Points of entry and exit

Malta has two points of entry and exit, namely the Malta International Airport and the Sea Passenger Terminal. The Malta International Airport, in 2005, registered over 50 airlines operating to and from Malta. Air Malta, British Airways, Lufthansa, Alitalia, British Jet are the top five air carriers operating to and from Malta. Other scheduled flights are operated by airlines such as Emirates and Austrian Airlines. Britannia Airways, First Choice Airways, Thomas Cook Airlines, My Travel and other air-

Table 3: Bedstock in the past 5 years

Bedstock as at	2002		2003		2004		2005		2006	
1st January	Units	Beds	Units	Beds	Units	Beds	Units	Beds	Units	Beds
<i>Hotels</i>										
5 star	11	3750	11	3738	13	5040	13	5040	13	5688
4 star	44	15045	45	15341	47	15928	44	15315	44	15148
3 star	47	11016	51	11548	51	11074	45	10272	49	10788
2 star	19	1261	19	1258	18	1174	16	1059	15	916
Total	121	31072	126	31885	129	33216	118	31686	121	32540
Bedstock as at	2002		2003		2004		2005		2006	
1st January	Units	Beds	Units	Beds	Units	Beds	Units	Beds	Units	Beds
<i>Villages & Aparthotels</i>										
4 star	8	1924	8	1924	8	1920	8	1860	7	1292
3 star	12	2488	13	2802	12	2642	10	2350	11	2634
2 star	13	2143	13	2143	15	2407	15	2407	12	1551
Total	33	6555	34	6869	35	6969	33	6617	30	5477
<i>Guesthouses</i>										
Comfort	12	295	12	295	12	295	12	295	10	243
Standard	23	613	22	575	31	649	26	684	26	683
Total	35	908	34	870	43	944	38	979	36	926
<i>Hostels</i>										
Standard	2	166	2	166	3	236	5	488	5	488
TOTAL	191	38701	196	39790	210	41365	194	39770	192	39431

lines also operate to Malta generally carrying tour operator traffic. In the past few years, the MIA has also attracted a few low cost operators such as Meridiana and it is envisaged that major low cost operators will commence operations to and from Malta in the coming months.

Major investment is underway in the Sea Passenger Terminal and particularly in the Cruise Passenger Terminal operated by Viset plc. This investment, complemented by marketing efforts and co-ordinated approaches of the Malta Cruise Network, has led to increased cruise liners berthing at the Valletta Grand Harbour. Sea links between Malta and Sicily have also increased through private investment.

Accommodation establishments

Over the past five years, there has been a slight shift in the type of beds placed

on the market in Malta. 5 star bedstock increased to account for 17% of hotel accommodation in 2006 from a 12% share in 2002. On the other hand, bedstock in the other categories of hotel accommodation was slightly reduced. Overall this results in a total hotel bedstock of 32540 beds registered as at 1st January 2006. With the exception of hostels, the other types of serviced accommodation either remained constant or registered slight declines in bedstock.

This mix of bedstock is further complemented by over 1250 host families which provide accommodation for students visiting Malta to learn English. 925 of these families are licensed to host 4 students, whilst 329 families are licensed to accommodate 2 students. A further 987 licensed holiday premises, including farmhouses and villas, owned by individuals or companies and offer-

Table 4: Catering establishments in the last 4 years

As at 1st January	2003		2004		2005		2006	
	No	Covers	No	Covers	No	Covers	No	Covers
<i>Restaurants</i>								
I	16	1185	16	1185	17	1239	15	1048
II	160	9753	171	10563	187	10601	190	10520
III	251	11509	258	11703	241	10917	315	13703
IV	87	3133	88	3179	82	3031		
Total	514	25580	533	26630	527	25788	520	25271
<i>Speciality restaurants</i>								
I	20	1286	21	1286	29	1719	30	1914
II	41	2388	43	2558	43	2659	42	2539
III	25	1036	26	1065	25	1012	24	1029
Total	86	4710	90	4909	97	5390	96	5482
<i>Snack Bars</i>								
I	9	604	10	744	9	654	15	788
II	43	2807	58	3374	78	3810	349	10453
III	107	3369	109	3389	111	3355		
IV	131	2813	132	2847	138	2939		
<i>Snack bars (Take away)</i>								
	54	-	64	-	68	-	67	-
Total	344	9593	373	10354	404	10758	431	11241
Totals	944	39883	996	41893	1028	41936	1047	41994

ing over 4,500 beds are also available on the market.

Catering establishments

Over the past four years, there has been an increase of 100 catering establishments (11% increase) which are offering 5% more covers than were available in 2003. The additional investment was made in the second and third class cat-

egory restaurants and in first class speciality restaurants.

Travel agents

Travel agents in Malta vary from those offering incoming and outgoing travel services, to destination management companies and excursion operators. A number of the licensed 237 travel agents provide more than one type of service.

Table 5: Number of travel agents in 2006

Incoming Tourism Agents	88
Outgoing Travel Agents	103
Destination Management Companies	20
Organised excursion operators	26
Total	237

The table below provides the number of travel operators by main activities as at 1st January 2006.

Other tourism service providers

Malta has 46 dive operators, 34 being established in Malta and 12 in Gozo. 45 language schools operate in Malta, three of which are in Gozo. Major car hire companies are also present in Malta, whilst coach companies and taxis also provide transport services.

500 persons have followed the Continuous Professional Development programme during 2006 and will have their licenses renewed as tourist guides. 275 guides operate on a freelance basis. Guiding in Malta can be provided in 25 languages including Maltese, English, German, French, Italian, Japanese, Russian.

Visitor attractions and recreational activities

The investment made by the private sec-

tor in visitor attractions is mainly in entertainment. In recent years, there has been private sector investment in heritage as well with innovative cultural visitor attractions being opened and being successful. Investment in visitor attractions is made both by the private sector and by the public sector.

Malta's visitor attractions and recreational activities range from museums and historical sites including World Heritage Sites⁸, to buildings of architectural value, to natural habitats, to diving and other sports facilities, to a number of theatres, casinos, cinemas and other entertainment spots.

According to the National Statistical Office, Malta has 56 museums and historical sites which are open to the public. Half of these are State-owned, the rest are equally divided between those owned by the church and by other private entities. 16 of these museums and sites are specialised in nature, 7 are monuments and

⁸ Heritage Malta is the national agency of Government entrusted with the management of national museums and heritage sites and their collections including seven UNESCO world heritage sites. Heritage Malta is aware that heritage can act as a catalyst for Malta's tourism potential and consequently contribute significantly to the economy. It therefore seeks to improve the service and experience to all visitors in order to foster a more favourable image on a national as well as on an international level (www.heritage-malta.org).

sites, 11 relate to archaeology and history, another 11 to art, whilst the remaining cover natural history and natural science, ethnography and anthropology, military and maritime. The National Statistics Office reports that almost two million admissions were registered by these museums. One fifth of these admissions was in museums and historical sites in Gozo, with Ggantija Temples accounting for the highest amount of visitors. The reported income generated by the museums and historical sites amounted to over Lm 3.25 million in 2005, a 33.5% increase over the 2004 income. It is interesting to note that the income from admission fees increased by 19% though the number of visitors to these museums and historical sites declined by 4.2% over the previous year. The importance of culture can be seen not just from these figures but also from the role culture plays in the development of a community.

Malta is also rich in biodiversity, especially when one considers the small size of the islands, together with the limited range of habitats and the pressure on the natural environment from a relatively large human population in such a small land mass. Over 4500 species of plants and animals have been recorded, not taking marine organisms into account. About 85 of these species are endemic. The habitats where these species of plants and animals are found include garigue, maquis, woodland, steppe, cliffs and boulder shore, freshwater pools and springs, saline marshlands, sand dunes, rocky shore and seagrass meadows found offshore.

Malta's offshore environment is another attraction for tourists, particularly those interested in diving. The number of wrecks and further scuttling of boats further contribute to the islands' diving product.

Acronyms

ADT	Awtorita dwar it-Trasport
CEO	Chief Executive Officer
DTCS	Director Tourism and Corporate Services
EFL	English as a Foreign Language
ETC	Employment and Training Corporation
EU	European Union
HM	Heritage Malta
IMC	
for Tourism	Inter-Ministerial Committee for Tourism
IMU	Information Management Unit
ITS	Institute for Tourism Studies
MCC	Mediterranean Conference Centre
MCCA	Malta Council for Culture and the Arts
MCMP	Ministry for Competitiveness and Communications
MEYE	Ministry for Education, Youth and Employment
MFA	Ministry of Foreign Affairs
MFIN	Ministry of Finance
MFSS	Ministry for the Family and Social Solidarity
MGOZ	Ministry for Gozo
MHEC	Ministry of Health, the Elderly and Community Care
MIA	Malta International Airport
MIIIT	Ministry for Investment, Industry and Information Technology
MJHA	Ministry of Justice and Home Affairs
MRAE	Ministry for Rural Affairs and the Environment
MRES	Ministry for Resources and Infrastructure
MSA	Malta Standards Authority
MT	Manoel Theatre
MTA	Malta Tourism Authority
MTAC	Ministry for Tourism and Culture
MUDR	Ministry for Urban Development and Roads
NSO	National Statistics Office
Perm Sec	Permanent Secretary
PPCD	Planning and Priorities Co-ordination Directorate within OPM
PSCG	Private Sector Consultative Group
SCH	Superintendence for Cultural Heritage
SJC	St James Cavalier Centre for Creativity
UNWTO	United Nations World Tourism Organisation

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