

# ANNUAL TOURISM REPORT

## 1. INTRODUCTION

Council Decision 86/664/EEC of 22 December 1986<sup>1</sup> establishing a consultation and cooperation procedure in the field of tourism foresees that *“each Member State shall send the Commission, once a year, a report on the most significant measures it has taken and, as far as possible, on measures it is considering taking in the provision of services for tourists which could have consequences for travellers from the other Member States”*.

With the publication of the Communication *“Agenda for a sustainable and competitive European tourism”*, thereafter referred to as "Agenda", the Commission announced that “in order to strengthen the collaboration with and among Member States, their current annual reporting through the Tourism Advisory Committee (TAC) will be used to facilitate the exchange and the dissemination of information about how their policies and actions safeguard the sustainability of tourism”. The Communication also recognised that sustainability and competitiveness are integral parts of a comprehensive approach towards tourism management and development.

This Communication was welcomed by the Competitiveness Council conclusions (22nd-23rd November 2007) and by the Presidency Conclusions of the Brussels European Council of 14th December 2007.

The main aims for the reporting process are to:

- be able to monitor the level of implementation of the “Agenda for a sustainable and competitive European tourism” by Member States;
- provide an opportunity for Member States to make visible at European level the ideas and initiatives that they have developed or are developing regarding tourism issues;
- facilitate the exchange of experiences among Member States with regard to how they tackle issues which are important for the competitiveness and sustainability of European tourism.

MS reports referring to year  $n$  shall be sent to the European Commission by the end of February of year  $n+1$ .

If the reports are sent in English, the deadline can be moved to the end of April.

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<sup>1</sup> Official Journal L 384, 31/12/1986 P. 0052 – 0053.

## 2. ORGANISATIONAL STRUCTURE

This section should provide an overview of the main organisational structure to illustrate how tourism is organised and managed, to identify linkages and to identify the engagement of other organisations/stakeholders.

[The information required will only need to be prepared fully in year 1 as it will subsequently only be necessary to provide details of any changes.]

**2.1** Please identify the national bodies responsible for tourism (Ministry and also any separate/related National Tourism Organisation), including key areas of responsibility, and their relationship to other national bodies. (maximum of 1.000 characters)

### **Ministry for Tourism, Culture and the Environment (MTCE)**

As of January 2012, the tourism portfolio falls under the direct responsibility of the Minister for Tourism, Culture and the Environment. This Ministry is responsible for the formulation of tourism policy, for driving and monitoring its implementation at a national level.

### **Malta Tourism Authority (MTA)**

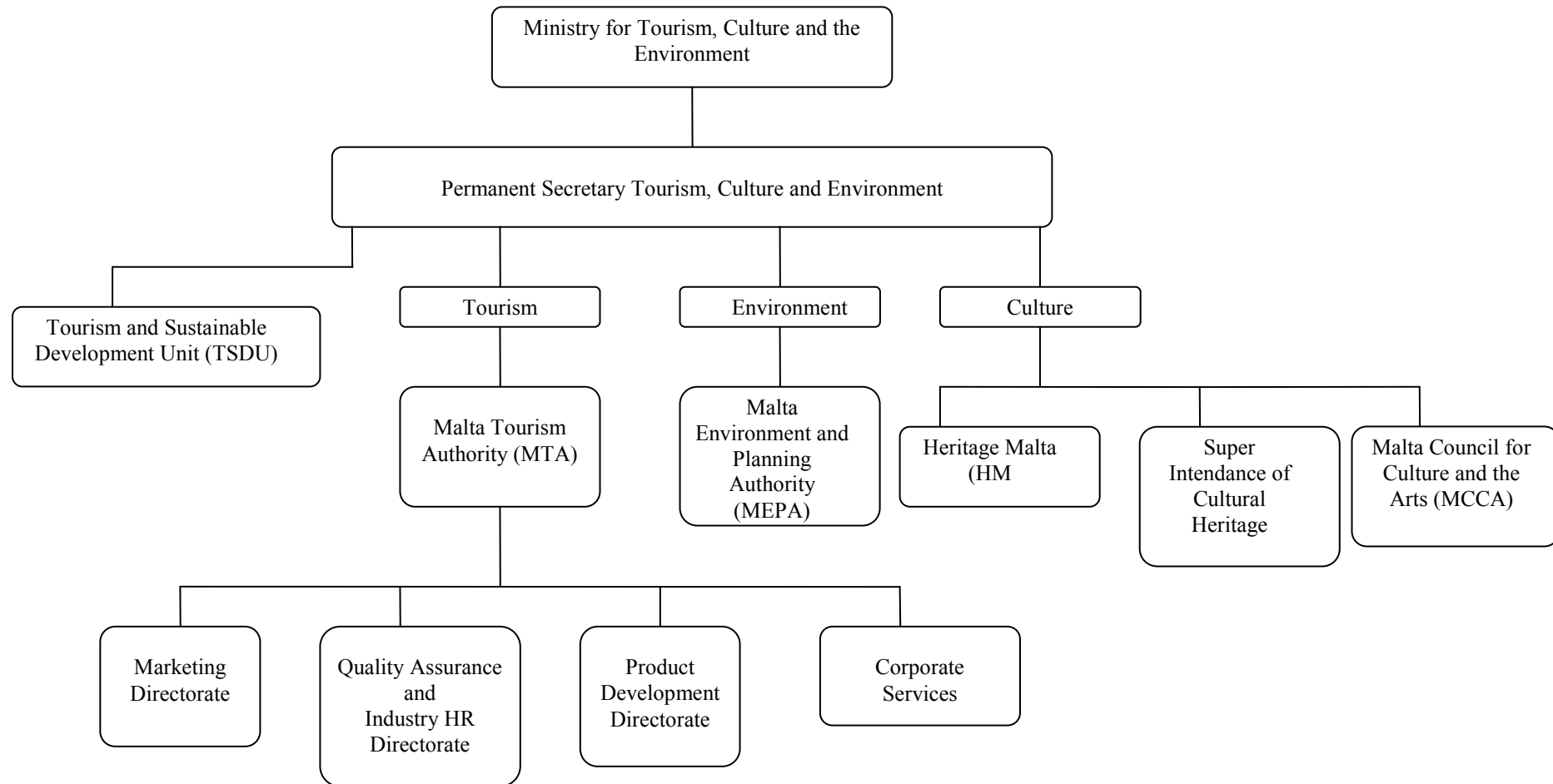
MTA's responsibilities range from the marketing of Malta as a tourism destination to tourism product planning and development, to the development of the human resources and to ensure that standards are adhered to through legal enforcement.

MTA aims to:

- Promote and advance Malta as a tourist destination
- Advise Government on tourism operations and on the sustainable development of the tourism industry
- Issue licences under the Malta Travel and Tourism Services Act (1999) which from its end is in line with the various European Directive, such as the Services Directive, Timeshare and Package Travel Directives, amongst others.
- Monitor, classify and control the licensing of and the standards provided by tourism operations
- Contribute towards the improvement of the level of human resources in the tourism industry
- Advise Government on the planning and development of the tourism industry as well as on the infrastructure supporting the industry
- Undertake and organise activities and projects as it may consider appropriate in connection with the performance of its function

The Malta Tourism Authority falls under the responsibility of the Ministry for Tourism, Culture and the Environment.

**2.2** Please provide a *diagram/organigram of the organisational structure for tourism* identifying the relationship between national, regional and local bodies. Provide also a short description of the core responsibilities and competencies of each of the organisations. Include also information regarding the direct and indirect links between other departments, stakeholder organisations and unions. Information about mechanisms of decision making process participation from outsider organisations, e.g. forums, advisory committees is also requested. (maximum 2 pages).



Each entity has its respective board. The Ministry meets on a regular basis each of the organisations. In the case of tourism, the Ministry monitors the market situations through regular discussions both with the Malta Tourism Authority and tourism stakeholders.

The Core Responsibilities of each organisation include:

The **Tourism and Sustainable Development Unit (TSDU)** within the OPM structure is responsible for EU affairs relating to tourism, environment, sustainable development and policy development in these areas. The TSDU continues to offer guidance to the Malta Tourism Authority in EU related matters which cover both legislative proposals and funding opportunities. It also runs an EU co-financed scheme for sustainable tourism projects by enterprises and acts as the focal point for the LIFE EU environment programme.

**Malta Tourism Authority (MTA)** refer to page 2 of this document.

The **Malta Environment and Planning Authority (MEPA)** is the national agency for land-use planning and environment regulation in Malta and Gozo. MEPA is responsible for the implementation of Directives, Decisions and Regulations under the EU Environmental Acquis. MEPA acts as the national focal point under a number of international environmental conventions and multilateral agreements, including the Aarhus Convention on access to information, public participation in decision-making and access to justice in environmental matters.

**Heritage Malta** is the national agency responsible for museums, conservation practices and cultural heritage. Originally Heritage Malta was entrusted with the management of museums, sites and their collections but in 2005, the agency was also charged with the take over of the former Malta Centre for Restoration to become the national agency responsible for conservation. Heritage Malta seeks to provide its various audiences with an enhanced experience during visits to the various sites and museums managed by the national agency.

The **Superintendence of Cultural Heritage** was established and given the mission to ensure the protection and accessibility of cultural heritage. This entity is responsible for the establishment of policy, standards, and guidelines related to cultural heritage. It has the role to regulate heritage management plans and also to give advice to the Government on heritage matters.

The **Malta Council for Culture and the Arts (MCCA)** champions, develops and funds cultural events, activities and art forms –from theatre to dance, and from music, art and literature to photography and digital arts. MCCA helps individuals, groups and organisations further their creativity and excel, and to share their work with a wider public.

**2.3** Please provide information about **financial data**, including spend on tourism as a percentage of overall government spend, the level of national funding support for tourism marketing, the amount of EU funding support made available for tourism and data concerning the support to SMEs and destinations. (1000 characters)

Government allocated a budget of € 36.2 million for the Malta Tourism Authority in 2011, accounting to around 17% of Government's recurrent expenditure for the financial year January to December 2011. The aggregate tourism expenditure for 2011 amounted to €38.6 million out of which around €31.5 million were allocated on Marketing initiatives. A continuous emphasis is being made to support investment in tourism product development. This is taking place through the allocation of €120 million of EU Structural Funds and additional national funding. The budgeted disbursement is happening during the period 2007-2013. Product improvement projects focus on beaches, coasts and tourism zones, emphasising also on the importance to provide a fair distribution of income and equal job opportunities. Other investment initiatives that contribute to improve the product experience for visitors include the restoration and rehabilitation of the fortifications, restoration and representation of Fort St Elmo and Fort St Angelo, embellishment of various squares and investment in roads and pedestrian zones. A number of heritage sites including the UNESCO World Heritage Site of Ggantija, which is the oldest free standing monument in the world, are being financially sustained so as to ensure their constant upkeep. €10 million have been allocated to a Grant Scheme for Sustainable Tourism Projects by Enterprises, including SMEs. The scheme directs funds towards the economic development of the tourism sector and is intended to support product upgrades in tourism, to enhance accessibility, increase innovation in tourism, to strengthen marketing interventions and to address tourism projects that aim to tackle current challenges in tourism through an environmental and social responsible attitude. A number of ESF projects will also benefit the tourism sector, particularly people working or intending to work in the sector. The current projects aim to up-skill and certify persons employed or seeking employment in top, middle or supervisory management positions in sectors directly or indirectly related to tourism. Other efforts are being undertaken by the Malta Tourism Authority to tackle through EU funded projects issues affecting employability of workers, diversity management practices within the tourism industry and to support enterprises in their efforts to expand, restructure, retrain re-skill and improve the competitiveness of the workforce. A special allocation was directed to the improvement and promotion of rural localities by supporting the setting up of walking trails and small scale infrastructural interventions which in turn improve the semi-rural, rural and natural areas. This is taking place through the European Agricultural Fund for Rural Development.

The total value of tourism related projects co-financed through EU funding programmes and initiatives that were approved in 2011 amounted to around €44.8 million. These include the CALYPSO Projects (1 and 2), Sustainable Inter-regional Bike Tourism (SIBIT), Integrated Management and Promotion of Archaeological Sites in Ragusa and Malta (ARCHAEOTOUR), EDEN Awareness Raising, Landscaped Gardens and Visitor Attractions in Qawra, . Fort St. Angelo Heritage Experience and Fort St. Elmo Heritage Experience.

### 3. POLICIES AND STRATEGIES

3.1 Is there a current **National Strategy for Tourism**? Yes  No

If yes, please, provide information in bullet point format about the **key aims, objectives and priorities** of the strategy highlighting those that are designed to address sustainability issues in economic, environmental and social terms in particular those related in the six aims included in the "Agenda". In the **formulation process of the tourism strategy**, briefly explain whether and how consideration has been given to the 9 principles set out in the "Agenda" (para 2.3 p5) and given in the appendix. (maximum 2000 characters)

A new National Tourism Policy has been formulated for the period 2012-2016. During the formulation process, research was considered as the departing point, a consultation process with stakeholders was carried out, competitiveness, sustainable development and responsible tourism were the guiding principles for policy formulation and strategy direction.

The National Tourism Policy (2012-2016) aims to:

- Ensure that tourism remains a driver for sustainable development
- Consolidate summer performance
- Go for growth in the winter and shoulder months
- Enhance the diversification of the sector
- Create and maintain effective inter-linkages with other sectors
- Address the seasonality challenges
- Optimize the mix between tour operator business & independent travelling
- Further increase accessibility to Malta

Objectives of the National Tourism Policy (2012-2016)

#### **Economic Goals**

We want tourism to:

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

#### **Environmental Goals**

The quality of the environment, both natural and man-made, is essential to safeguard sustainable tourism and to

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

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

### **Social Goals**

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

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

The New Political Framework for Tourism which was issued by the EU Commission in June 2010 sets the strategic pathway for tourism in Europe. Malta has welcomed the Commission's Communication entitled *Europe, the World's No. 1 Tourist Destination – A New Political Framework for Tourism in Europe* and agrees with the proposed measures. The National Tourism Policy presently addresses a number of key priorities which have been identified in this new framework. Malta shall however continue to identify possible routes of integrating the priorities of the new political framework with the national tourism policy objectives.

### **3.2 Who was the *initiator* and who is *responsible* for its implementation? (maximum 500 characters)**

The Ministry for Tourism, Culture and the Environment (MTCE) was the initiator of this updated tourism policy. The responsibility for its implementation lies with Government through its Ministries and entities. Non-governmental stakeholders also have a role in the implementation of the policy.

### 3.3 How is the strategy **monitored** and how often? (maximum 1000 characters)

The National Tourism Policy identifies policy responses that include actions that need to be taken. These responses are constantly monitored through feedback gathered from the various entities. The gathering of this feedback is done by the Tourism and Sustainable Development Unit within the Ministry for Tourism, Culture and the Environment. Feedback in view of project and task deliverables is gathered from the Malta Tourism Authority's respective departments, from the wider public sector ministries and the private sector. Moreover, the goals outlined in the objectives of the Policy will also be monitored through an indicator system.

### 3.4 What **national legislation** exists which is specific for tourism or which has a major impact on the sector? (maximum 2000 characters)

The Malta Travel and Tourism Act was enacted in 1999.

The aim of this act is to make provision for the promotion of tourism, for the regulation of tourism services and operations, for the establishment of an authority with powers to that effect and for matters connected therewith or ancillary thereto.

There are a number of acts, legal notices and amendments which regulate the sector, namely:

- Legal Notice 82 of 2002 –(amended by Subsidiary Legislation 409.04) *Tourism Accommodation Establishments Regulations*
- Legal Notice 115 of 2001 – (amended by Subsidiary Legislation 409.03) *Fees Payable on the Filing of Judicial Acts in Connection with Appeals Regulations*
- Legal Notice 125 of 2002 – (amended by Subsidiary Legislation 409.05) *Fees (Tourism) Regulations*
- Legal Notice 126 of 2002 – (amended by Subsidiary Legislation 409.06) *Malta Tourism Authority (Special Procedure) Regulation*
- Legal Notice 127 of 2002 –(amended by Subsidiary Legislation 409.07) *Tourism Appeals Board Regulations*
- Legal Notice 128 of 2002 – (amended by Subsidiary Legislation 409.08) *Tourism Operations (General) Regulations*
- Legal Notice 129 of 2002 – (amended by Subsidiary Legislation 409.09) *Travel Operators and Organised Excursion Operators Regulations*
- Legal Notice 130 of 2002 – (amended by Subsidiary Legislation 409.10) *Host Family Accommodation Regulations*
- Legal Notice 131 of 2002 – (amended by Subsidiary Legislation 409.11) *Holiday Premises Regulations*
- Legal Notice 157 of 2000 – (amended by Subsidiary Legislation 409.01) *Package Travel, Package Holidays and Package Tours Regulations*
- Legal Notice 174 of 2004 – (amended by Subsidiary Legislation 409.14) *Bed and breakfast (operations) in tourist accommodation establishments Regulations*
- Legal Notice 175 of 2004 – (amended by Subsidiary Legislation 409.15) *Catering Establishments Regulations*
- Legal Notice 269 of 2000 – (superceeded by Legal Notice 109 of 2011) *Protection of Consumers (Timeshare, Long-Term Holiday Product, Resale and Exchange Contracts) Regulations*
- Legal Notice 282 of 2006 – (amended by Subsidiary Legislation 409.17) *Injunctions for the protection of the interest of consumers (package travel and protection of buyers in contract for timesharing of immovable*



*property) Regulations*

- Legal Notice 287 of 2010 – (amended by Subsidiary Legislation 409.16) *Timeshare and time-share like products promotion (licensing of OPC representatives) Regulations*
- Legal Notice 288 of 2010 – (amended by Subsidiary Legislation 409.12) *Tourist Guides Regulations*
- Legal Notice 357 of 2010 – (amended by Subsidiary Legislation 409.13) *Recreational Diving Services Regulations*

These legal notices outline licensing requirements, categories and facilities to be provided to the industry. The Main Act (Cap 409) and the Subsidiary Acts have been very recently revised to transpose the Services Directive.

#### **4. MEASURES AND INITIATIVES**

This section provides Member States with an opportunity to outline *specific initiatives and policies* that are or are going to be adopted to manage and develop tourism activity in ways which respond to the key challenges referred to in the "Agenda" and which fall within the six main aims of the "Agenda" itself.

These initiatives could for instance fall into the following types of policy instruments: command and control instruments (legislation, regulation and licensing, land use planning and development control), voluntary instruments (guidelines and codes of conduct, reporting and auditing, certification, eco-labels, awards, voluntary contributions), economic instruments (taxes and charges, financial incentives and agreements), supporting instruments (infrastructure provision and management, capacity building, awareness raising, marketing and information services), measurement instruments (benchmarking, assessments on optimal use levels, carrying capacity).

##### **1 Economic prosperity**

- a. To ensure the long term competitiveness, viability and prosperity of tourism enterprises and destinations.
- b. To provide quality employment opportunities, offering fair pay and conditions for all employees and avoiding all forms of discrimination.

##### **2 Social equity and cohesion**

- a. To enhance the quality of life of local communities through tourism, and engage them in its planning and management
- b. To provide a safe, satisfying and fulfilling experience for visitors, available to all without discrimination by gender, race, religion, disability or in other ways.

##### **3 Environmental and cultural protection**

- a. To minimise pollution and degradation of the global and local environment and the use of scarce resources by tourism activities.
- b. To maintain and strengthen cultural richness and biodiversity and contribute to their appreciation and conservation.

In 2011 Malta undertook specific initiatives that are intended to manage and to further develop sustainable tourism activity. These can be categorised under various forms of policy instruments:

**1. Command and Control Instruments**

- Formulation of Draft Rural Tourism Policy
- Completion of National Tourism Policy (2012-2016)

**2. Economic Instruments**

- ERDF (2007-2013) Grant Scheme for sustainable tourism projects by enterprises

**3. Voluntary Instruments**

- The Malta Tourism Authority's Quality Assured Seal
- The Malta Tourism Authority's Eco-certification initiative

**4. Instruments to improve the Service Offer**

- The implementation of a European Social funded project which focuses on diversity management in tourism
- The implementation of a European Social funded project focusing on training opportunities for supervisory and managerial posts in the tourism industry

**5. Measurement Instruments**

- Continuous research which is undertaken by the Malta Tourism Authority

**6. Support Instruments**

- Marketing initiatives within source markets targeting particular niche markets
- Local Councils initiatives to improve the product offer within the localities of Malta and Gozo
- Restoration projects by Heritage Malta

**4.1** Please set out, briefly, the **steps** which have been or will be taken, if any, **to address the 7 key challenges** for the delivery of sustainable and competitive tourism, covered in the TSG report and referred to in the 'Agenda'.

**4.1.1** Reducing the seasonality of demand. (maximum 1000 characters)

One of the main aims of the National Tourism Policy is to reduce seasonality by increasing activity during the winter months, though it is acknowledged that tourism activity is by its own nature seasonal.

The Grant Scheme for Sustainable Tourism Projects by enterprises is an EU co-funded project directed towards tourism projects that aim to improve the diversification and the competitiveness of the local tourism offer. This specific initiative gives high priority to those tourism projects that aim to mitigate the seasonality problem of tourism demand in the Maltese Islands.

Product improvement projects are being developed aimed at encouraging tourists to visit and experience the different localities during their stay on our islands. This will help to 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. Malta taps specific niche markets which are less seasonal in nature including:

**Cruising** – Government will continue its efforts at promoting Malta as a 'cruise and fly' destination. Cruise passenger visitors are potential tourists. Investment in artistic projects will be undertaken to ensure the possibility of providing a local art experience to the tourist. The sister island of Gozo may 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.

**English Language Learning** – Efforts were undertaken over the years by the private sector to improve quality

programmes that are organised by language learning schools. Such improvements have contributed to the extension of training courses which are currently being offered to tourists visiting the Maltese Islands during the shoulder and the summer months. Through the required marketing and promotional activities the MTA will continue to provide support and to incentivise the growth of the EFL market during the shoulder months.

**Attracting Independent Travellers** – Recently Malta has managed to attract an interesting share of independent travellers who choose to visit Malta throughout the whole year. Independent travellers are increasingly proving that they have higher interest to indulge in different activities such as rural tourism which in turn also contributes to diversify the product offer from one based on sun and sea to one which is less seasonal.

**Diving Niche** – Government will continue to support the growth of the diving niche and to incentivise initiatives such as the scuttling of wrecks that are undertaken in order to attract diving enthusiasts who are interested to visit the Maltese Islands during the shoulder months and the winter months.

**Meetings, Incentives, Conferences and Events** – Government will continue to support the growth of MICE business. The Maltese Islands are equipped with cutting edge technology, effective communication and infrastructural facilities, and an environment which makes the time spent in Malta entertaining enough for delegates. Destination Management Companies have over the years come up with fresh ideas and have attracted MICE activities in unique venues and prestigious historical buildings which have been refurbished to suit modern standards. The Mediterranean climate of the Maltese Islands provides a charming experience to attract MICE business, corporate business travellers and event seekers throughout the whole year.

**Gozo**- The island of Gozo is marketed as a winter destination as well as an ecological island seeking to attract relational tourists who are interested to interact with the island's community and its respective environment.

In addition to the above major segments, MTA also undertook measures or is planning to target the following specific niche markets:

- **Health and Spa** – A number of hotels have invested in health and spa facilities in order to market Malta for this emerging market. These facilities provide an added-value for short break holidays that may be enjoyed throughout the year.
- **Social Tourism** – MTA is working to attract the elderly and disabled persons during the low season, while also ensuring that the necessary facilities are available. MTA has participated in the CALYPSO program and has gained funds to carry out activities related to these specific target markets to attract them during the shoulder months.
- **Photography**
- **Attracting Artists**
- **Birding** (especially during migrations of the birds of prey in April and September/ October)
- **Rural Tourism**- MTA has been working towards the development of rural tourism in Malta and Gozo by improving and marketing this product.
- **Architecture Tourism**
- **Sports Tourism**

4.1.2 Addressing the impact of tourism transport. (maximum 1000 characters)

Malta aims to improve the quality of life through environment protection and urban regeneration. Specific management plans were developed with the respective transport operators to diminish the impact of daily traffic tourism transport from specific areas. In July 2011 the public transport reform was launched, with Arriva, a private company taking over the public transport system. The reform included the complete replacement of the bus fleet to introduce more modern, accessible, comfortable and energy-efficient buses. Routes were also revised and include various direct airport routes to serve travellers better. Prices remained relatively cheap.

Sustainable alternatives to land transport modes including walking and cycling are highly supported by the National Tourism Policy and these alternative modes are also in line with the objectives and planned initiatives which were outlined in Malta's Transport reform process. The shift towards better quality in public transport can undoubtedly also contribute to improve the experience of tourists who are hosted in the Maltese Islands. A number of pedestrianization projects were undertaken in Valletta and these were intended to improve the experience of hosts and guests visiting Malta's capital city.

While giving due consideration to any impacts that may be created by air transport, it is also important to bear in mind that measures undertaken to address this issue need to give full consideration to Malta's dependence on air transport and to the fact that Malta has no practical and viable alternatives to provide accessibility to and from mainland Europe and other regions.

#### **4.1.3 Improving the quality of tourism jobs. (maximum 1000 characters)**

The National Tourism Policy aims to create 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 and issues which condition women's choices to remain out of the labour market.

Whilst some opportunities for employment 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.

The Malta Tourism Authority aims to improve the quality of jobs in the tourism industry. Through an EU funded project amounting to €4million, entitled *Developing Leaders for Change and Innovation in Tourism*, the Industry HR Unit within the MTA has worked on the upskill and certify persons employed as or seeking employment in top, middle or supervisory managerial positions in sectors contributing directly or indirectly to tourism.

The Malta Tourism Authority aims to promote and implement an integrated strategy to enhance flexibility and more effective labour market policies. Through an EU funded project amounting to approximately € 0.5 million, entitled *Retaining and Attracting People within Tourism through Diversity Management*, the Industry HR Unit

within the MTA is supporting tourism enterprises through the necessary training programmes in their efforts to expand, restructure, retrain re-skill and adapt the workforce. This project enables tourism enterprises to remain competitive not only in the local economy but also in the global economy. The tourism industry is being equipped with knowledge on the strategies for inclusion that need to be adopted in order to retain current employees and attract new candidates to work in the industry. Although not an ESF project, the ERDF Grant Scheme for Sustainable Tourism Projects by Enterprises also aims to improve the competing edge of tourism operations and it indirectly sustains tourism jobs and the promotion of equality.

The private sector will be encouraged to invest in staff development training and to provide a professional service. Efforts will be continued to move towards certification of personnel working in the industry. The private sector will also be encouraged to give employees a bigger say in business process re-engineering, provide further opportunities for women, generate more tourism professions, rewarding employment initiatives, safeguarding an attractive, high-status working environment with competitive pay, rewarding equal pay for equal work and healthy working conditions.

#### **4.1.4 Maintaining and enhancing community prosperity and the quality of life, in the face of change. (maximum 1000 characters)**

Government has 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.

A number of economic and social fundamentals are being addressed:

- 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;
- Re-position the capital and human resources of the public sector to efficiently and effectively contribute to better service delivery and economic growth;
- Focus Government's role in the economy on the regulatory aspect, facilitating rather than participating as an operator in economic activities;
- 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;
- 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;
- Upgrade our Islands' environment and infrastructure in order to ensure an improved quality of life through sustainable development and regeneration of our heritage;
- 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 genuinely needed.
- Various Local councils' initiatives in support of community well being and improved quality of life;
- Measures have been undertaken to sustain employment in the sector particularly during the recent international economic and financial downturn;
- The National Environment Policy started being drafted in 2010 and one of the aims of such policy is to

improve the quality of life of hosts, visitors and future generations.

#### **4.1.5 Minimising resource use and the production of waste. (maximum 1000 characters)**

Particular attention is being given to tourism zones, which are considered as leisure areas, by ensuring that basic facilities within these zones are available, well presented and maintained. The Malta Tourism Authority's eco-certification scheme takes into consideration issues relating to responsible resource use and the production of waste by the hotel industry. Approximately 15% of the hotels in Malta and Gozo are eco-certified and this translates to almost 30% of hotel rooms. Moreover, Hoteliers in Malta and Gozo have been offered the opportunity to integrate their day to day operability with the Travelife Sustainability System, which in turn enables hotels to benefit from contracting procedures with tour operators. The Travelife Sustainability System is an industry owned tool which has been launched for Maltese tourism businesses during a conference organized in January 2009 by the Tourism and Sustainable Development Unit. The tool which is fully supported by the Federation of Tour Operators (FTO) helps tourism enterprises to understand the main challenging issues pertaining to sustainable tourism development and offers solutions to help tourism enterprises achieve better and more outstanding performance.

A notable number of tourism enterprises particularly hotels and restaurants have decided to invest responsibly in renewable energy measures either through their own funds or through a Government support scheme which is run by the Malta Enterprise. The Grant Scheme for Sustainable Tourism Projects by Enterprises which is run by the Tourism and Sustainable Development Unit has served to support other environmentally related interventions for tourism enterprises such as the introduction of waste separation bins, the installation of room energy management systems, r/o plants and the reutilisation of already consumed water for secondary purposes. These initiatives contribute to minimise resource use, electricity and water consumption and to incentivise the responsible use of waste in the tourism industry.

Malta is taking at a national level a number of initiatives to address waste management. These initiatives range from investment in capital projects for waste management facilities to information campaigns on waste minimisation and separation.

#### **4.1.6 Conserving and giving value to natural and cultural heritage. (maximum 1000 characters)**

Malta's cultural heritage will continue to be protected, conserved and presented for all to appreciate and enjoy. 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 of all walled cities and fortifications will be a priority.

Malta's landscapes are characterized by coastal, urban and rural settings. It is our local 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.

An increased number of sites have been designated as Natura 2000 sites contributing to the valorisation of the natural heritage of the Maltese Islands. Natura 2000 sites constitute around 13% of Malta's land base area. A number of marine Natura 2000 sites have also been designated.

#### 4.1.7 Making holidays available to all. (maximum 1000 characters)

Government will continue to focus its efforts to deepen the Islands' tourist offer through quality improvements at the service and at the product level. Government believes that improved destination competitiveness and better pricing structures of the local tourism offer can actually contribute to improve the attractiveness of the Maltese Islands on the international market. Improved price competitiveness shall contribute to make local holidays to Malta and Gozo available for all.

Government will continue to support investment in the Islands infrastructure in order to facilitate access to all the different areas across the Maltese Islands. Accessibility to sites and places of interest will increase through additional signage and information material leading to these sites.

Government believes that each visit must be a unique experience. Through the support of entities that are responsible for tourism development, Government will transform sites and events into authentic experiences for both locals and foreigners. Projects that aim to improve accessibility at the physical, informative and intellectual level and at ensuring equality issues (especially gender, ethnicity, disabled persons) are taken into consideration and are awarded high priority on the national agenda. Specific Grant Schemes are undertaken and these aim to provide financial aid for tourism related projects that contribute to address issues of accessibility and equality for all.

Malta has participated in two CALYPSO projects. The first one focused on research analysis to define the present product and service gap that needs to be addressed by the sector in order to attract tourists falling in the social tourists category. This project aimed at improving the product offer and the service quality for social tourists visiting Malta and Gozo. The second project was approved in 2011 with One of its major objectives being to assess the degree of accessibility within selected touristic zones around the Maltese Islands and provide recommendations to aid in extracting potential ameliorations for the industry.

#### 4.2 As key challenges may change over time, please identify any other areas that are **becoming a new challenge**. (maximum 1000 characters)

Challenges for the industry include:

- Maintaining accessibility by air within the climate change policies context
- Developing a sustainable strategy for coastal and marine tourism and create an influence through this strategy on successful entrepreneurship, CSR and the innovative dimensions of tourism businesses that operate in coastal areas,
- Improving the use of the available European financial instruments in order to enhance the tourism product and the quality of the service offer.
- Encouraging stakeholder synergies in order to ensure the sustainability of European Tourism and enable the industry through effective dissemination of information to understand the influencing factors that various policies have on tourism due to the transversal nature of the sector

- Contribute through effective marketing to consolidate the image and profile of Malta as a sustainable and high-quality tourism destination in the European Union and increase local efforts to strengthen cooperation with BRIC and Mediterranean countries
- Supporting national and international measures for tourism related SMEs.
- Developing innovation in the tourism industry by enhancing sustainability and competitiveness in the industry and by creating an environment favourable to SME co-operation in tourism. Challenges in this regard could include the creation of e-commerce networking platforms, e-business strategies, statistical tools, innovative tourism investment that contribute towards corporate social responsible procurement and resource efficiency in tourism and the promotion of an entrepreneurial culture in tourism.
- Increasing the efforts at a national level to introduce Tourism Satellite Accounts and also to facilitate the collection of tourism related statistics.
- Maintaining successful practices to promote tourism sustainability, cultural valorization whilst simultaneously enhancing the awareness of such practices by engaging in initiatives such as the European Destinations of Excellence Award.
- Mitigate the seasonality problem of tourism demand and alleviate the problems arising from this issue by balancing tourism volumes throughout the year.
- Diversifying tourist services whilst at the same time promoting environmentally sustainable tourism and the valorisation of natural heritage.
- Increasing the attractiveness of the tourism industry as an employer by improving work practices in tourism and by widening the opportunities for the development of professions in tourism through continuous cross-cutting training programmes in the industry.
- Generating increased earnings and value- added employment whilst maintaining and conserving environmental and socio-cultural resources

By the year 2015 Malta is envisaged to become a centre of excellence in various areas namely tourism services, information and communication technologies (ICT), financial services, high value added industry and services as well as in international educational services and health care services. Excellence in Tourism is expected to take place on the basis of three key priorities, including sustainable, high-quality and responsible tourism which are referred to in the New Political framework for Tourism in Europe in the Commission's Communication on Tourism COM (2010) 352 final and the complementary Draft Implementation Plan.

Government's policy for the tourism industry is highly linked to the principle of sustainable development and one based on providing support to tourism enterprises in the implementation of a responsible operations policy. This is constantly being undertaken by encouraging tourism enterprises to implement projects based on forward planning, proactive and strategic thinking.

The prioritization on sustainable development portrays a number of challenges to the Maltese tourism product. These challenges are based on patterns of investment and consumption that can be pursued in the future without damaging Malta's human or natural environment. Moreover, the current international economic recession is undeniably affecting consumer trends and the purchasing power in every sphere of life, inclusive of which are consumer trends and attitudes towards travelling. In this scenario, it is fundamental to outline that in order to overcome such economic challenges, the responsible investment initiatives of the industry need to



be supported, and the innovative tourism niches valorising Malta's culture need to be enhanced.

In view of these challenges, Government's policy for the tourism industry is constantly directed towards ensuring that the marketing campaigns, product development, human resource development and quality assured initiatives are well coordinated and integrated to ensure that the identified segments continue to develop and result in positive economic and social contribution to Malta and Gozo. At an EU level the tourism industry is foreseen to remain an important economic driver for the member states and Malta is also predicted to achieve a fair share of tourism in Europe.

Government is committed to enhance the tourism service offer by building continuously on the abilities of the human resource. Support for the tourism workforce is currently being offered by the Employment and Training Corporation as well as by the Malta Tourism Authority. These initiatives will focus on the priority to ensure a comparative advantage for Malta, by investing in the tourism workforce and by sustaining a corporate and social responsible form of management in the private sector.

Government is constantly committed to improve Malta's tourism product and service offer through the required infrastructural investment. Our goal is to ensure that local service providers achieve price competitiveness by integrating investment that provides the opportunity to reduce on cost cutting elements and by addressing the need to change from old ways of doing business to new and innovative ones. The Grant Scheme for Sustainable Tourism Projects by Enterprises is an ERDF scheme, aiming at co-financing tourism enterprises that are planning to develop tourism projects which contribute towards the sphere of competitiveness, the creation of more and better jobs, an enhancement in accessibility, innovation, marketing interventions and providing support to projects that will tackle current challenges through an environmental and social responsible attitude.

From a local perspective priority is given to the vulnerability of the tourism sector, the challenges of globalisation, including the dependence on the international economic climate and the problems faced by the industry which are further intensified with sudden external threats. Malta is aware that the tourism industry faces a number of challenges in a number of areas, including climate change, the impact of demographic trends, seasonality, pressures on biodiversity, the increasing importance of ICT and the growth of global competition. In light of this, Malta would like to support those actions that take full account of the sector's vulnerability and the external threats the industry is facing.

**4.3** Please identify and describe one **SPECIFIC INITIATIVE** (i.e. how it worked, difficulties and problems encountered, solutions and success factors), which is related to the 7 key challenges, that is **INNOVATIVE/SUCCESSFUL** and which would be of interest to or of help to other Member States. (maximum 5000 characters)

Malta supports the implementation of projects that valorise on the unique environmental, social and cultural assets and has participated successfully over the past 5 years in the European Destinations of Excellence project (EDEN). We highly believe that these direct funding projects address key challenges for the

sustainability of European tourism, which include:

- the diversification of the tourism offer through the identification of destinations whose tourism offer developed sustainably over the years
- an extension of the tourist season
- the conservation and enhanced value added of natural and cultural heritage
- making holidays available for all

Through the effective use of EU direct funding which has been tapped by the Malta Tourism Authority for tourism related activities that are organized by local councils and non-government organisations, continuous work has been implemented and is constantly being foreseen in order to foster the economic benefits of the tourism industry whilst ensuring the social, the cultural and the environmental sustainability of tourism. EDEN has constantly identified the role tourism has to act as an economic driver in the European economy and the role the industry has to act as a vehicle that funds the protection of nature, culture, tangible and intangible heritage and to prevent damaging change in the traditional natural and cultural environments.

The EU direct funding opportunities allocated for tourism projects are intended to maximize the value of diversity and shared characteristics among European destinations. Various thematic levels have been focused upon throughout the years and these include tourism in rural areas, tourism and intangible heritage, the conservation and promotion of protected areas, the regeneration of physical sites and the provision of significance on aquatic tourism. The awarding procedure for the emerging destination has been annually based on product upgrades in destinations that were in line with sustainability frameworks. The prioritization given to these thematic characteristics blend well with Malta's objectives which inter alia aim at maximizing the opportunities offered by tourism in raising awareness and generating direct and indirect support for conservation, awarding best initiatives organized at a local level through effective community involvement at a European level as well as at pursuing ways of increasing contributions to conservation of the local authentic environments.

The EDEN project focuses on sustainable tourism practices in localities, both in the built and the natural environments, in the non-traditional tourism areas of aquatic importance and also supports the conservation of tangible and intangible heritage. The EDEN project has contributed to make the local tourism offer more sustainable, thus benefiting industry growth and international market opportunities. The involvement of local councils during project implementation has definitely acted as an important milestone in the success of the project itself and in the valorisation processes of the tangible and intangible heritage. This tool has also raised the identity of the locals in the awarded destinations and has also instilled more pride towards their locality through the successful organization of local festivities and community involvement. Through project implementation for the years 2009 and 2010, the Malta Tourism Authority envisaged more positive impacts of the tourism industry on the destination's protected areas and an enhanced contribution and valorisation of the aquatic tourism projects in the local tourism product offer. The EDEN 2010 project brought along increased valorisation of the eclectic marine and aquatic heritage found in the Maltese Islands. The EDEN 2011 project aimed at awarding destinations that have been physically regenerated and where a number of

important results have been registered. In 2011 a promotional project called 'EDEN Awareness Raising' was approved by the Commission. This project aims at giving a promotional boost on both the local and international levels to EDEN winners and runner-up destinations.

A local network of EDEN destinations was established during 2010 with the aim to enhance co-operation between the locally awarded EDEN destinations, to improve the product offer of such destinations and to strengthen the potential of the local EDEN brand.

Overall, the EDEN project focuses a lot on the sustainability factor of destinations. The sustainability factor has been transmitted to Malta, throughout project implementation and this factor has contributed towards ensuring a more sustainable tourism product offer and is increasingly contributing towards a more competitive tourism industry.

## 5. MECHANISMS FOR IMPLEMENTATION

The "Agenda" identified three mechanisms for its implementation: sustainable destinations, sustainable businesses and responsible tourists.

**5.1 Sustainable destinations:** What support is given to strengthen destination management at the regional/destination level (supportive policy environment, knowledge networks, training programmes, establishment of measures/indicators for benchmarking, etc.)? (maximum 1000 characters)

Due to the transversal nature of the sector and the impact it portrays on other important activities, Government remains committed to ensure that sustainable tourism priorities feature not only in the National Tourism Policy, which is the umbrella policy for tourism, but also in all other national policies that may have an interlinked relationship with the sector.

### **STAR**

The Special Thanks And Recognition Awards (STAR) is an important initiative through which the Malta Tourism Authority (MTA) is able to give public recognition to all those who work directly or indirectly in the tourism industry. Through the STAR scheme the MTA also awarded good quality tourism products.

### **CHOICE Programme**

The *CHOICE programme* is designed to give information and expose students to careers in the tourism industry and to portray a true picture - that a career in the tourism industry can be a source of professional, gainful and rewarding employment. The overview provided to students about the industry is intended to help them formulate a knowledgeable opinion about the industry. This programme has so far reached over 22,000 secondary school students since its launch 11 years ago.

### **Tourism In-service Programme for Guidance Teachers**

The Malta Tourism Authority, in collaboration with the Department of Curriculum Management, Education Division also organises the *Tourism In-service Programme for Guidance Teachers*. Since Teachers play a pivotal role in the career decisions of their students it is of utmost importance that they have a good understanding about the sector both for the benefits of students and for the advancement of the industry itself. The course aims to provide teachers with a good understanding about the Industry and the sectors within it; widen knowledge about emerging trends and the different professional and personal skills required; as well as presenting a clearer idea about the role that they play in guiding students towards the tourism industry.

**5.2 Sustainable businesses:** What support is given to strengthen the sustainability and competitiveness of businesses (supportive policy environment, orientation of business support services to sustainability, training, financial incentives, etc.)? (maximum 1000 characters)

### **Eco Certification**

The Malta Tourism Authority's Eco-Certification Scheme has succeeded in encouraging hotels to deliver a better product to meet the demand of the ever increasing environmentally aware tourist. To participate in this

initiative, hotels must comply with a number of criteria all aimed at improving the hotels' environmental performance and increasing environmental awareness amongst employees. To assist hotels in meeting the requirements of the scheme the MTA organises a number of training seminars on the subject. The eco-certified hotels in Malta and Gozo currently account for around 30% of the available bed stock. Hotels are awarded this recognition following a mystery guest review to establish that the level of service meets the criteria as established by the Malta Tourism Authority.

#### **Quality Assured Seal**

Malta is constantly aware about the increased customer expectations and the ever more competitive market environment in the tourism industry. A national initiative entitled Quality Assured Seal has been launched in 2008 by the Malta Tourism Authority. The Seal was initially intended to address quality assurance in Destination Management Companies but it has eventually been extended for Visitor Attractions in 2010 and will in due course include the hotel industry. This initiative can be adopted on a voluntary basis and is not mandatory. This initiative falls perfectly in line with the need to seek synergies with international quality labelling systems, providing a competitive edge and encouraging a quality leap in the targeted sectors through the creation and monitoring of clear benchmarks. This initiative could act and provide an input to the European Quality Tourism Label.

**5.3 Responsible tourists:** What support is given to promote responsible choices by tourists (e.g. sustainability in education, national marketing and media campaigns, promotion of certification schemes)? (maximum 1000 characters)

#### **Quality Service Audit**

The mystery guest audit is carried out by a company which is contracted by the MTA and covers information provided to customer, reservations, welcome, reception, public areas, bedroom, living room, bathroom, breakfast services, bar services, restaurant services, room service, miscellaneous services and facilities. Hotels will need to score a pass in each of the relevant categories in order to be awarded with a certificate indicating that the hotel passed the QSA. A certificate is awarded by the Malta Tourism Authority to each of the hotels that meet the requirements of the scheme. This is awarded for a period of twelve months

#### **Quality Assurance Scheme for the MICE Sector**

Following the successful launch of the proposed scheme feedback from stakeholders was received and evaluated. A pilot study was carried out to assess the manageability and usability of the proposed criteria. The scheme was officially launched in 2009 and is now established.

#### **Eco-Certification**

The eco-certified hotels are promoted on the visitmalta website which is the main website and the official portal for Malta, Gozo and Comino.

## 6. DATA AND INDICATORS

Eurostat will provide, as an annex, the key statistical data required to support the reporting process covering around 20 indicators<sup>2</sup>. These are mainly related to the aim of 'economic prosperity'.

Please, identify indicators that are being used or developed at national / regional level which could add to the range of information being provided by Eurostat, particularly in relation to social and environmental issues (other indicators from the TSG report, visitors/ residents satisfaction, etc.). (maximum 1000 characters)

In line with its corporate objective of providing relevant and timely information to tourism stakeholders and students, the MTA has a service aimed at providing up-to-date information which is important for the tourism sector for decision making purposes. This tool presents the MTA with the possibility to reach out the trade and disseminate up-to-date information. This information is of utmost importance to whoever has a vested interest in the tourism sector.

Research reports are available for the following areas:

### **Market Intelligence :**

- market profile surveys
- brochure analysis
- qualitative market research studies
- niche markets and special interest research
- MICE segment
- English Language segment
- Diving segment

### **Human Resource Research:**

- Skills analysis
- Employment forecasts in tourism industry
- Tourist evaluation of human resources

### **Economic Research:**

- Tourism expenditure surveys
- Economic impact studies

### **Product Research:**

Locality surveys conducted in 'tourism zone' localities and in leisure and culture oriented sites

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<sup>2</sup> These indicators have been selected from the 50 TSG indicators on the basis of the possibility to calculate them at the European level.

## **7. COMPLEMENTARY ADDITIONAL INFORMATION**

If necessary use the following box to provide additional complementary information that has not already been covered.

Tourism remains a key sector for Malta's economic and social development. It is the intention of Government to ensure that the economic, social and cultural benefits of tourism are highly recognised at a national, at a European and at an international level and that these benefits are instilled and maximized. To this respect, a number of projects are being implemented and new ones shall continue to develop in order to assist in the upgrading of the urban, rural and coastal infrastructures, to improve the quality of the service offer and to promote the eclectic assets and destination offer found in the Maltese Islands.

## APPENDIX

### **PRINCIPLES FOR THE SUSTAINABILITY OF TOURISM:**

- **Taking a holistic and integrated approach**

All the various impacts of tourism should be taken into account in its planning and development. Furthermore, tourism should be well balanced and integrated with a whole range of activities that affect society and the environment.

- **Planning for the long term**

Sustainable development is about taking care of the needs of future generations as well as our own. Long term planning requires the ability to sustain actions over time.

- **Achieving an appropriate pace and rhythm of development**

The level, pace and shape of development should reflect and respect the character, resources and needs of host communities and destinations.

- **Involving all stakeholders**

A sustainable approach requires widespread and committed participation in decision making and practical implementation by all those implicated in the outcome.

- **Using best available knowledge**

Policies and actions should be informed by the latest and best knowledge available. Information on tourism trends and impacts, and skills and experience, should be shared across Europe.

- **Minimising and managing risk – the precautionary principle**

Where there is uncertainty about outcomes, there should be full evaluation and preventative action should be taken to avoid damage to the environment or society.

- **Reflecting impacts in costs – user and polluter pays**

Prices should reflect the real costs to society of consumption and production activities. This has implications not simply for pollution but for charging for the use of facilities that have significant management costs attached to them.

- **Setting and respecting limits, where appropriate**

The carrying capacity of individual sites and wider areas should be recognised, with a readiness and ability to limit, where and when appropriate, the amount of tourism development and volume of tourist flows.

- **Undertaking continuous monitoring**

Sustainability is all about understanding impacts and being alert to them all the time, so that the necessary changes and improvements can be made.

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