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Tourism and sustainable development in the Mediterranean region

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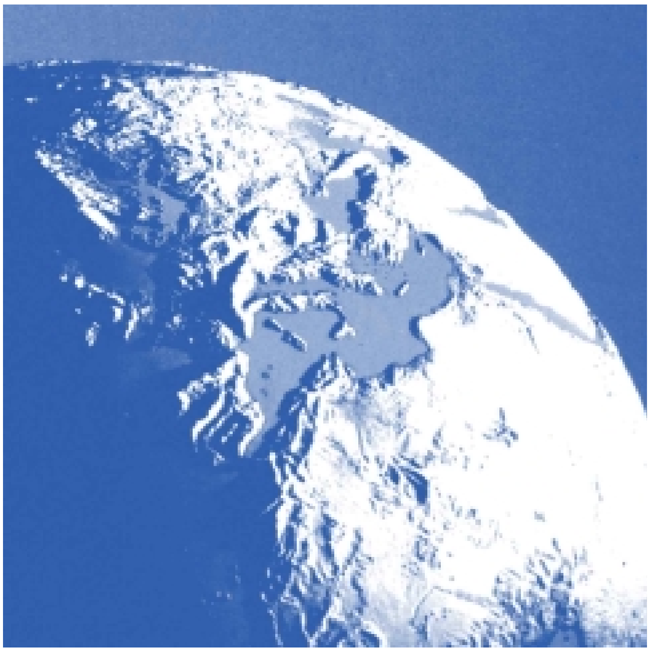

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2 MAKING TOURISM A FORCE FOR ECONOMIC DEVELOPMENT IN THE MEDITERRANEAN REGION

2.1 Maintaining the Mediterranean region's position in the world or the flows of international tourism

Observation

Tourism to the Maltese Islands has continued to be an important economic sector even though over the last decade international tourism to the Islands has shown a slowdown. Between 1970 and 2000 tourist arrivals increased from 170,853 to 1,215,713 (a multiplier of 7 and an average annual growth of 20%). Average annual growth rates in tourist arrivals between 1970 and 1990 stood at 20.5%. This decreased to 4.45% between 1990 and 1998, whilst between 1998 and 2000 an annual increase of 1.42% was registered. It is expected that 2001 would register an annual tourist arrivals figure which is slightly less than the previous year's.

Source: National Tourism Organisation of Malta/Malta Tourism Authority/COS

This and other factors indicate that the Maltese Islands as a tourist destination is nearing, or has even reached, the saturation stage in its tourist area life cycle, even though some growth is expected during certain periods of the year, nonetheless average annual growth rates are not expected to reach the late 80s and early 90s levels.

Major Problems

This slowdown is primarily a result of two main reasons. The smallness of the Islands is a limiting factor to future tourism growth well above current levels. The lack of space and the increasing population density are both determining constraints to the development of sustainable tourism. Due to these constraints, should tourism activity exceed a certain level this would create negative impacts on the infrastructure and on the social fabric. The recent published Carrying Capacity Study for the Maltese Islands states that the ‘current August level of 160,000 tourists per month could be equivalent to 1.4 million guestnights and is the maximum socially acceptable level. This would equate to having around 45,000 tourists each day.

The type of tourism the Islands have developed over the years was based on the seaside tourism and although during the last decade various initiatives have been taken to diversify the tourism product with some level of success in the fields of conference tourism, cultural tourism, diving and learning English, yet the image of the Islands is still that of a coastal resort and is closely tied to the beach product. This is corroborated by the fact that the summer months of July to September accounted for approximately 36% of total annual arrivals in 2000, a very minimal change from the 37% share in 1990. If one were to take June and October into consideration, which are also considered part of the summer season, the share of annual arrivals increases to 55%.

Possible answers or steps to take

The development of new products and new forms of accommodation offers should encourage more visitors during the off-peak season. Unfortunately most of the recent developments approved and new developments being proposed are designed very much along the summer type of accommodation offer.

Carefully planned small scale hotel development in the historic cities, e.g. Valletta, should entice the cultural tourist to visit the Islands and stay within historic urban settings experiencing authentic culture. The development of an appropriate rural tourism product related to the reuse of existing buildings, which would otherwise risk dereliction, is another option to consider.

Appropriate marketing of the cultural resources coupled with a greater commitment by Government to their upgrading should enhance the image of the Islands as a cultural destination and tourist can identify the Islands with its cultural heritage rather than its sun and sand product.

Problems seldom if ever tackled

One of the main problems in this regard which needs to be given immediate attention concerns the quantity and quality of bed capacity being developed and placed on the market. Subsequent Governments have shown a reluctance to direct tourism accommodation development towards new concepts which reflect sustainable tourism principles aiming to attract new clientele primarily during the off peak months and ensuring an all-year round use.

Although the tourism players have repeatedly stated that the Islands have an over supply of beds, the authorities have been reluctant to control the bed supply, even though some measures have been implemented by the Malta Tourism Authority, such as tourism development parameters, developers are still coming forward with new projects.

Main players

The main players in this regard are the tourism authorities and private sector tourism agencies as well as international tour operators and other local agencies that have a role in tourism development e.g. Planning Authority, Department of Museums

2.2 A right to develop and an evolution to be controlled or the flows of domestic tourism

Observation

Domestic tourism has been developing rapidly over the last decade. Unfortunately, statistics in this regard are not regularly available. Although this activity has been increasing throughout the year, it still peaks during the summer months when Maltese families move residence during this period. Surveys carried out by the Planning Authority in 1997 on this aspect indicate that around 6.3% of the population move house during the summer months. However, 39% of the population indicated that they take at least one short break holiday in Malta and Gozo during the year. The 1995 census indicates that the number of summer residences in Malta and Gozo total 9896 and 3098, respectively.

During the rest of the year locals are increasingly taking up bargain offers by tourist accommodation establishments to spend weekends at these establishments. This has increased over the last years particularly during the winter months to achieve better occupancies. Hence, the level of domestic tourism is likely to increase in future.

Considering the size of the Islands collecting statistics with regard to domestic tourism may pose certain difficulties since whilst families move to a summer residence during summer, many still travel to work every day. Therefore, it would be difficult to calculate the level of domestic tourism. On the other hand, domestic tourism to the sister Island of Gozo can be easily calculated through specific surveys. Estimates report that about 77% of the population takes at least one trip to Gozo during the year.

Major Problems

Domestic tourism generally does not create a significant demand for facilities as is required by international tourists particularly the construction of hotels, complexes, etc. Locals generally make use of second homes or rent apartments. In fact it is more the sudden increase in the population in specific summer resorts which creates significant adverse impacts in terms of additional traffic and noise which the ‘all year round’ residents have to cope with for the three months of summer.

However, with regard to the island of Gozo the increase in domestic tourism and particularly the demand for second homes (e.g. farmhouses and apartments) has generated pressure for further development e.g. apartment blocks. On a positive side this has also encouraged the renovation of traditional town houses and farm houses which are bought by the Maltese as second homes.

Another major problem, which grew through the years, is the illegal construction of ‘boathouses’ close to coastal areas on public land turning the sites into ‘shanty towns’. These constructions without development permits were allowed, even though some enforcement actions have been taken to demolish some of these structures. Such development created significant adverse impacts on the landscape and the coastal vegetation as well as on the nearby sandy beaches.

Possible answers or steps to take

It is important to obtain statistics with regard to the level and form of domestic tourism through surveys carried out annually or every three years to identify trends. There is a potential to develop further the domestic tourism potential particularly during the off-peak season to make up for the lesser number of international tourists making use of the hotel accommodation infrastructure.

Government has recently taken action with regard to the boathouses issue and will remove the current structures to make way for a more appropriate development. More enforcement needs to be taken to avoid these forms of illegal constructions and a decision needs to be taken to resolve this issue in other parts of the Island. Appropriate areas should be identified to cater for such forms of informal domestic tourism particularly camping and caravan sites. It is important that such sites are managed to ensure the regulation of the activity and prevent further illegal development.

Problems seldom if ever tackled

It is only recently that domestic tourism has been given attention. The Travel and Tourism Services Act (1999), which set up the Malta Tourism Authority has entrusted this Authority with responsibility to monitor domestic tourism trends and demands. Government actions to reverse the illegal development and put some order is seen as a positive approach in principle, although details still need to be defined.

Main players

The main Government authorities are the Ministry of Tourism, the Ministry of Home Affairs and the Malta Tourism Authority as well as the local community.

2.3 Improving and perpetuating the economic importance of tourism or the flows of international tourism receipts

Observation

Tourism receipts for the period 1990 – 1998 increased from Lm157.4 million to Lm 254.618 million, an average annual increase of 7.7%. Between 1998 and 2000 tourism earnings increased to Lm 268.5 million, an annual increase of 2.7%. Per capita expenditure increased from Lm180.5 in 1990 to Lm 215.3 in 1998 to approximately Lm 220.8 in 2000.

Tourism in 2000 contributed around 17.1% to the export of goods and services. This shows a decrease from the 21.8% in 1998. 9533 or 7% of the total gainfully occupied are employed in hotels and catering establishments.

Major Problems

An island economy dependent heavily on tourism is very risky since islands are more vulnerable to the volatility of the sector and should tourists decide to change destination the infrastructure built would become underutilized. The ripple effect on other businesses? which depend on tourism will have significant economic effects should the sector experience difficulties.

Recent statistics have shown that room rates have decreased in most tourist accommodation. A survey carried out by the Malta Hotels and Catering Establishments (MHRA) covering the period January – September 1999, states that 'for the five-star sector the 10% increase in occupancy has come at a cost of a 2% reduction in room rates.' Similarly, three star hotels managed a 1% improvement in occupancy at the cost of a 5% reduction in rates and it was only the four star establishments that managed to achieve a 4% improvement in room rates coupled with a 4% increase in occupancy. Although this is beneficial to customers, nonetheless this adversely affects the operations of the accommodation establishments that would need a higher occupancy to break even. This has sparked a demand for the development of extensions to existing accommodation establishments making them more vulnerable to tour operator business and hence lesser local control over room rates.

Per capita expenditure has not increased substantially despite the investment in the sector and certainly improved facilities may encourage increased expenditure, particularly at heritage sites. It is calculated that visitors to heritage sites in 1999 on average spent Lm 0.39 equivalent to just over $ 1.

Exact figures of tourism expenditure are difficult to obtain since there exists a black economy, which operates in the sector and therefore estimates have to be obtained through surveys. The method currently used to obtain figures on tourism earnings is not appropriate since this only takes into account the foreign exchange transactions reported to the Central Bank of Malta.

Since 1995 Government operated the Tour Operator Support Scheme, which provided tour operators with a payment depending on the number of tourists brought over. This was aimed at UK operators and was costing Government between Lm 3 million to Lm 4 million a year. This was a form of subsidy to UK tour operators. Government is now intent on removing this measure.

Possible answers or steps to take

Government should ensure a quality product offer for which tourists would be ready to spend. Tourists seek good value for money but they do not want to feel cheated or robbed. Improvement of heritage sites should encourage an improved spending by tourists and therefore generate additional revenue for the site which would then be invested in further upgrading of the product.

The tourism sector should seek to attract more individual tourism rather than depend extensively on tour operators. This again depends on the quality of the experience offered and therefore requires that Government is more cautious in its development decisions to ensure that the attractiveness of the islands is retained and therefore demand is enhanced.

Problems seldom if ever tackled

There has been a tendency when markets show signs of decrease that government introduces monetary or fiscal measures to tour operators to encourage them to keep sending tourists to the Islands. This has been done with UK tour operators and although the current TOSS is to be removed, in the past Government has shown a reluctance to remove such measures, which might have resulted in a further decrease of tourists from that particular market.

Main players

The tourism authorities, particularly the Ministry of Tourism that is responsible for tourism policy as well as the local hotel operators and tour operators would be the main players in this regard.

2.4 Developing the accommodation capacity, a condition for increased tourism, or the challenge of controlling the rate of the phenomenon

Observation

The policy to develop a quality tourism accommodation capacity during the last decade has resulted in an oversupply of beds. There are currently around 41,000 beds in serviced accommodation (hotels, complexes, guesthouses, etc.) with another 8000 beds, which will come into the market over the next few years. The Carrying Capacity Study identifies that to retain a level of tourism within the social capacities a maximum of 38,000 beds in serviced accommodation would be required. With the current capacity, demand is satisfied but once the new beds are available existing establishments are likely to decrease their occupancy level as tourist arrivals are unlikely to match the increase in bed capacity. The current structure of the accommodation capacity is shown in Table 1.

Table 1 – Distribution of bed supply in serviced-tourist accommodation by category and class for 1998 - 2000

Accommodation category and class	1998	%	1999	%	2000	%
5 star hotel	2878	7.4	3526	8.6	3750	9.2
4 star hotel	10461	26.9	11119	27.2	11821	29.1
3 star hotel	8369	21.5	8322	20.3	7191	17.7
2 star hotel	2097	5.4	2061	5.0	1575	3.9
1 star hotel	210	0.5	188	0.5	159	0.4
Unclassified	468	1.2	-	0	-	0
Holiday complex/aparthotel/tourist village	12900	33.1	14181	34.7	14692	36.0
Guesthouse	1401	3.6	1374	3.4	1234	3.0
Hostel	148	0.4	148	0.4	266	0.7
TOTAL	**38932**	**100**	**40919**	**100**	**40688**	**100**

Source: Central Office of Statistics

The same study claims that currently four and five star establishments are operating at an acceptable average annual occupancy of 65%. To maintain this level 9.7 million guestnights are required. At the current length of stay of 9.1 days this means that 1.06 million tourists need to be accommodated into the serviced accommodation establishments. Taking account of the projected increase in beds to maintain this level of occupancy 1.6 million tourists should be attracted annually, since 30% of guestnights are booked in self-catering and family accommodation..

Major Problems

Most of the accommodation developments approved would be competing for the same type of market even though facilities are being improved. There has been very little differentiation in the accommodation offer and although the new five star developments have focused on the conference and business markets for its winter clientele, during the summer months these attract markets which previously used to seek other categories of accommodation, primarily the three star category. This has had an adverse impact on these forms of accommodation with the result that a number of them are changing business.

The accommodation product offers very little differentiation with most of the accommodation provision being of the resort type. This results in the accommodation establishments competing between themselves to attract demand and placing them at the ‘mercy’ of big tour operators who are in a better position to ask for better rates.

With a reduction in rates hotel operators need a greater number of customers to break even and this pushes them to request an extension adding more beds and therefore making them more vulnerable with tour operators. This is the mass production syndrome whereby adding more rooms would result in a lesser cost per room, but increasing their vulnerability.

There is pressure to develop tourist villages within the undeveloped coastal areas with the aim of diversifying the offer, however, this will result in an urban sprawl into sensitive coastal landscapes and the disruption of fragile ecosystems.

The development of tourist accommodation is often used to obtain development permits where otherwise development would not have been allowed. Once development has been approved then the land has been committed and there have been cases where developers apply for a new form of development other than tourism.

Possible answers or steps to take

Government should be clear on its policy for the development of tourist accommodation taking account of the results and the policy direction stated in the carrying capacity study. The offer needs to be diversified and there are opportunities to make use of vacant town houses in the historic cities as well as encourage rural accommodation through the reuse of existing vacant premises.

Government should be more strict on quality and establishments that are below the required standards should be made to comply or change business. Possible incentives can be given to encourage such initiatives. This would decrease the bed capacity and retain a quality stock more in line with the Islands' capacity.

The Malta Tourism Authority have issued tourism development parameters which restrict to some extent the scale of tourist accommodation development and avoid the over development of sites at the expense of quality.

Problems seldom if ever tackled

The pressure from developers to develop further tourism accommodation has found little resistance from Government and considering the excess supply of beds a limit on the bed capacity should be set immediately. This should then be the threshold within which Government should seek to re-structure the current accommodation offer.

Main players

Government in collaboration with the hotel associations are the main players in this respect.

3 MAKING TOURISM A FORCE FOR SOCIAL AND HUMAN DEVELOPMENT IN THE MEDITERRANEAN REGION

3.1 Acting for a better distribution of tourist flows in the Mediterranean basin

Observation

Generally tourism in most of the Mediterranean destinations has developed within specific resorts with a concentration of facilities in specific areas. This has been the case in the Maltese Islands with tourism development concentrated in 4 main localities – St. Paul's Bay, Sliema, St. Julian's and Mellieha. These localities account for over 78% of the total tourist accommodation supply.

However, because of the size of the Islands tourists venture to other parts of the Islands seeking to enrich their knowledge of the destination's heritage. Nonetheless, the organization of tourism flows around the Islands is very much limited to the main areas of attraction (e.g. Gozo, Mdina and Valletta) and other areas which have important heritage and attraction value are left out of many itineraries. An example are the Three Cities (Vittoriosa, Senglea and Cospicua) or Cottonera area around the harbour which is important historically but has not attracted much visitors when compared to the cities of Valletta and Mdina. The port related activities around the area may have created a negative image and therefore a reluctance to conduct tours to the area.

The main attraction areas are Valletta and Mdina, which attract around 75% to 80% of the tourists visiting the Islands.

Despite this imbalance, there is a reluctance amongst the local community living in non-tourist areas to encourage tourism development since there is a fear that their locality might be turned into a tourist 'resort' as other localities on the Island. Therefore, they do not encourage such development in their locality.

Besides the geographical distribution one must also consider the temporal distribution of tourism with a high concentration during the summer months. This seasonal pattern results in a decreasing level of activity in specific localities during the winter months and significant pressures during the summer season.

Table 2 - Percentage Share of tourist arrivals by month

Month	1990	1996	1997	1998	1999	2000
January	3.4	3.7	3.3	3.2	3.7	3.7
February	4.4	5.2	4.7	4.7	4.9	4.6
March	6.2	8.0	7.4	6.6	7.5	6.8
April	8.8	8.6	9.5	9.2	8.6	9.7
May	9.4	9.3	10.6	9.8	9.6	9.3
June	10.5	9.6	8.9	9.6	9.7	9.9
July	12.2	11.7	12.2	12.3	12.3	12.6
August	13.3	13.3	13.4	13.4	13.1	12.8
September	11.6	11.0	10.4	10.7	10.6	10.9
October	9.6	9.2	9.1	9.4	9.5	9.2
November	6.0	5.6	5.7	6.0	6.0	5.6
December	4.6	4.9	4.9	4.9	4.3	5.1

Source: National Tourism Organisation of Malta/COS

Major Problems

The concentration of tourism activity and development in specific areas and during specific periods of the year creates an imbalance and an underutilization of infrastructure during the other months of the year. This level of demand in the past necessitated an improvement in the sewerage system as well as the production of water to meet peak demand.

The population of these localities experiences an upsurge in the number of people residing in these localities for a short period, not only because of international tourism but also domestic tourism.

Private sector investment has been directed towards the already established tourist areas with little interest in new areas, which can provide alternative product offers, for example the city of Valletta and Mdina. On the other hand new developments, which are less seasonal, have been lacking.

The organization of tours is generally to the same localities with very little variation offered. The lack of appropriate management at these sites results in crowding and a reduction in the quality of the experience sought by the visitors.

Possible answers or steps to take

The tourism authorities should limit further growth in the already established tourist localities and encourage new forms of tourist accommodation in appropriate areas and of an appropriate scale. Tourism development should make use of existing buildings through rehabilitation of vacant buildings within historic cores and in rural areas. This development needs to be carefully directed and encouraged to ensure that locals benefit directly and spread an acceptable level of tourism activity to these localities.

Government authorities should create an appropriate investment climate with incentives to encourage the appropriate and desired forms of development e.g. VAT exemptions, marketing assistance.

Problems seldom if ever tackled

The authorities have not done much with regard to the management of heritage attraction sites and therefore there is little organization on the part of the tour organizers to manage flows to these areas.

Tour organizers have shown a reluctance in managing their visits to these sites and in co-ordinating their activities.

Efforts to re-structure existing resorts has been limited to embellishment projects rather than directing development in a holistic manner aimed at rejuvenating such resorts to meet future tourist demands and become competitive destinations.

Main players

The Government authorities, investors, local residents and tour operators.

3.2 Optimising tourism's positive impact and limiting its negative impact on society

Observation

The local population perceives tourism as an important sector of the economy and have in general resigned to tolerate a certain level of activity. Nonetheless, recent studies carried out by the Malta Tourism Authority indicate that tourism has reached a level during the summer season where local residents perceive that they are having to compete with tourists for certain facilities. These include beaches and parking.

Despite the importance given to the sector the local residents still need to be made more aware of the vulnerability of the sector. The impacts of the locals in terms of cleanliness of the destination, hospitality with the tourist, protection of the heritage are some issues which need to be addressed to strengthen the sector and relate importance given to the sector with behavior.

The locals have shown a certain concern with the quality of tourists that are being attracted particularly with respect to their level of spending on local products. The perception is that tourists do not spend much when on holiday. This concern may result from the possibility that most tourists come on package holidays on full or half board, as well as the increasing all inclusive, which decrease their potential to spend outside the hotel except for some souvenirs. This perception is also probably the result of an over supply in specific tourist facilities e.g. restaurants, which is not matched by an adequate increase in demand..

The increase in language holidays has contributed to directing benefits to the locals since most of these tourists make use of family accommodation. This activity is one of the few forms of tourism where local residents benefit directly from tourism revenue.

Major Problems

The main negative impacts result from a concentration of tourism activity and development in specific areas, which during the summer months create a level of irritation and antagonism amongst the local residents. The localities are transformed almost overnight into centers of noise, traffic, congestion and crowds. This results in stress and traveling between localities or going to the beach takes much longer than usual due to traffic jams.

There is an excess supply of facilities which is not being supported by a similar increase in patronage by tourists and therefore catering establishments, souvenir shops and accommodation operations have reduced their average business turnover since there is increased competition and many compete for the limited number of clients.

The seasonality of the sector puts jobs in jeopardy during the winter months and establishments prefer not to employ full timers but make use of part-timers during the high season and reduce staff during the low periods. This reduces the potential benefits tourism activity can generate in terms of employment, considering that wages are the main cost element in operating tourist accommodation establishments.

Possible answers or steps to take

Government has taken action in some areas to improve the infrastructure creating better junctions to reduce the possibility of traffic jams in entering the resort areas and manage better traffic as well as the creation of car parks. New accommodation developments are to provide a level of car parking to avoid the spill of additional parked cars in the vicinity thus taking up space usually used by the locals.

Develop new and compatible forms of tourism, which provide more direct benefits to the local community and encourage new businesses offering variety rather than more of the same kind. For example there are still very few restaurants offering local cuisine, possibly because of a low demand and hence local cuisine needs to be promoted much more to create interest.

Encourage traditional crafts to open shop to keep alive such traditions and create job opportunities as well as increase tourist spending.

Problems seldom if ever tackled

There have been limited initiatives to create new and unique product offers. Development similar to that occurring in other destinations was being promoted with little regard to what the Islands can offer distinct from other competitor destinations. Tourism development in the Islands has reached the saturation stage, especially with regard to the traditional form of coastal tourism and therefore new products need to be created which would involve the local community much more in the sector and hence training and awareness programmes with regard to tourism development opportunities should be promoted.

Main players

Government agencies, developers, local community.

3.3 Participating in social and human development by promoting stable, quality jobs

Observation

Government statistics indicate that about 7% of the local population is employed in tourist accommodation and catering establishments. An Economic Study carried out by the then National Tourism Organisation in 1999 estimates that tourism creates a direct employment of over 19,000 full-time equivalent jobs or 12.79% of the total full-time equivalent jobs.

Indirect employment generated as a result of tourism is estimated at around 6200 full-time equivalent jobs and the level of induced employment reaches a figure of 30,249 full-time equivalent.

The same study identifies that tourist expenditure of Lm 1 million in catering establishments contributes to the creation of 167.79 full-time equivalent jobs much higher than that generated by other sectors e.g. accommodation (91.47 FTE), car hire (94.17 FTE), national airline (45.83 FTE). The current structure of the Maltese economy results in an average tourism employment multiplier of 60.60, meaning that for every Lm 1 million of tourist expenditure 60.60 FTE jobs are created.

On the qualitative side more importance should be given to perceiving employment in tourism as a form of vocation. The approach to one's job is important in ensuring tourists receive a quality and hospitable service. Therefore continuous training and updating is important and should be encouraged.

Major Problems

Once again the seasonal distribution of tourist arrivals creates a seasonal demand for employment, which is reduced during the off-peak months. The improvement in the high category establishments and the development of new products e.g. conference and business tourism as well as incentive tourism contribute to retaining the majority of employment occupied throughout the year.

Employment in tourism is still perceived as a low paid job with little training needed, although this perception is changing as training opportunities increased with the setting up of the Institute for Tourism Studies over ten years ago. There are currently over 700 students following various courses organized at the Institute. Nonetheless some establishments still perceive some tasks as not necessitating specific training e.g. waiters or chambermaids and this perception is reflected in the way calls to fill vacancies in these positions are sometimes advertised.

Government's more recent efforts to provide training for people already working in the sector is very positive and should result in an improved image of employment in this sector.

Unfortunately, little opportunities have been created to ensure that traditional skills are retained. Lace making, glass blowing and filigree are a few of the remaining traditional crafts which are still kept alive. Other skills have been replaced by mechanical processes e.g. pottery making and weaving.

Possible answers or steps to take

Detailed research on the economic impacts of tourism particularly in employment generation needs to be carried out regularly to determine training needs and demand for jobs.

Promote opportunities for the creation of tour programmes which would encourage the revitalization of traditional skills like pottery making, stonework, wrought iron and maintain other traditions like lace making and glass blowing.

Awareness programmes at different educational levels to create a greater awareness of tourism particularly with regard to its dimensions and its development along sustainable principles. For example introducing tourist studies as part of the school curriculum.

Through local councils courses can be organized to help locals in identifying entrepreneurial opportunities and revive traditional skills. Rural tourism initiatives have a potential if developed appropriately particularly in Gozo.

The development of activity/adventure based tourist products might encourage new quality job opportunities. Cycling, walking, nature watching, and other activity based tourism experiences have not yet been fully developed and provide opportunities to attract new markets during the off-peak season. Training to ensure a quality offer and operation would also be necessary, particularly since such activities are based on a quality environmental resource and appropriate management of visitor activity.

Problems seldom if ever tackled

The new tourist accommodation developments and extensions, which will come on the market in the near future will require a considerable number of employees. Although the Institute for Tourism Studies will produce a number of trained professionals, nonetheless it is unlikely that supply will match demand. This might result in establishments operating with a lesser staff complement or employing untrained personnel and risking lowering standards of service.

There has been very little incentives to revive traditional skills and businesses offering tourists the possibility to spend on authentic products and at the same time sustaining local initiatives.

Resource management in terms of beach management, countryside management and heritage management are aspects which offer employment potential but which have not yet been implemented.

Main players
Government agencies, hotel operators, local community, training institutes.

3.4 In search of the fair distribution of tourist revenue

Observation

The Economic Impact of Tourism in Malta report, referred to above, has sought to delve deeper into tourism revenues and identify sectors which receive some of that revenue. 71.7% of the expenditure made by tourists prior to making the trip are injected into the local economy primarily the airline and accommodation sectors. It is calculated that in 1998 this amounted to Lm 190.98 million.

With regard to expenditure whilst in Malta the following breakdown by sector has been produced.

Expenditure on accommodation whilst in Malta	***Lm 10.78 million***
Total expenditure on catering	***Lm 53.56 million***
Total expenditure on domestic transport	***Lm 14.30 million***
Total expenditure on recreation	***Lm 19.54 million***
Total expenditure on shopping	***Lm 26.72 million***
Other expenditure	***Lm 3.09 million***
Total	***Lm 127.99 million***

Total revenue from tourism in 1998 was estimated at Lm 319.49 million. This is distributed as follows between sectors.

Aviation related revenue	***Lm 70.35 million***	***22%***
Passenger handling/transfers	***Lm 5.95 million***	***1.9%***
Accommodation revenue	***Lm 125.98 million***	***39.4%***
<u>Catering:</u>		
In accommodation establishments	***Lm 9.88 million***	***3.0%***
In restaurants	***Lm 24.81 million***	***7.8%***
At take aways	***Lm 10.84 million***	***3.4%***
At grocers	***Lm 8.04 million***	***2.5%***
<u>Domestic Transport:</u>		
Ferry crossings	***Lm 2.5 million***	***0.8%***
Vehicle hire	***Lm 7.6 million***	***2.4%***
Taxi rental	***Lm 1.57 million***	***0.5%***
Public transport	***Lm 2.54 million***	***0.8%***
<u>Recreation:</u>		
Cultural recreation	***Lm 8.89 million***	***2.8%***
Popular entertainment	***Lm 3.82 million***	***1.2%***
Sports activities	***Lm 3.01 million***	***0.9%***
Other recreation	***Lm 3.82 million***	***1.2%***
<u>Shopping:</u>		
Basic necessities	***Lm 3.74 million***	***1.2%***
Souvenirs/gifts/duty free items	***Lm 17.64 million***	***5.5%***
Other shopping	***Lm 5.34 million***	***1.7%***
Other revenue	***Lm 3.09 million***	***1.0%***

Whilst revenues to the airline and accommodation sectors would go directly to the operators in these sectors and then to employees in the form of wages and other benefits, most of the revenue in the other sectors, particularly restaurants, take aways, vehicle hire, basic necessities, souvenirs, grocers are earned directly by the local community most of which are small business enterprises.

Major Problems

Considering that approximately 80% of tourists coming to the Maltese Islands come on package tours, almost 30% of tourists' expenditure prior to their visit or 20% of their total spending on a holiday in the Maltese Islands does not enter the local economy. The high dependence on tour operators results in almost one-fifth of tourism revenue not entering the country as well as limiting the potential for additional earnings, which are lost because of bargaining on room rates.

On a national level the concentration of tourism facilities in specific localities directs revenues to the businesses within these localities and very limited revenue finds its way into other areas of the country.

Possible answers or steps to take

Encourage tourists to visit other parts of the Islands to spread tourism revenue to new areas by promoting the attractions in these areas and through a managed flow of tourists to these areas, to retain the attractive character and features.

Reduce the dependence on the major tour operators to encourage more individual travel. The further increase in tourist accommodation supply and the expansion of existing establishments will increase this dependence and therefore more control on future accommodation provision is necessary.

Match supply of facilities with demand to ensure that existing establishments receive an adequate share of the revenues rather than see their profits erode because the increase in the supply of facilities is not matched by a similar increase in demand.

Problems seldom if ever tackled

The sector needs more creativity in terms of planning and seeking to re-structure the sector, particularly the existing tourist resorts to transform them from mono-functional destinations to all year round destinations. This will require regulating the development of new accommodation and encouraging new facilities to support the high accommodation stock.

Main players

Government agencies particularly tourism and planning authorities, local councils, tourism private sector.

4 MAKING TOURISM A FORCE FOR PROTECTING AND ENHANCING NATURAL AND CULTURAL HERITAGE

4.1 Working for a better distribution of tourist flows to Mediterranean coastal regions

Observation

The size of the Maltese Islands makes tourism activity primarily of a coastal nature, particularly since about 95% of the accommodation capacity is in coastal resorts. Accommodation facilities are limited within the interior parts of the Islands apart from host family accommodation, which host language students during the summer months.

The seasonality of tourism creates a great disparity in activity between the coastal tourist localities. The areas of Sliema and St. Julian's attract a more consistent tourist flow throughout the year whilst the summer resorts of St. Paul's Bay and Mellieha peak in summer with international tourist levels almost five times greater than in winter in the area of St. Paul's Bay.

Table 3 - Estimated daily number of international tourists at each tourist locality for each season.

Locality	Winter '98	Shoulder '98	Summer '98	Winter '00	Shoulder '00	Summer '00
St Paul's Bay	3773	3965	13256	3535	3660	11592
Mellieha	2577	2845	6873	2414	2626	6010
St Julians	3479	5780	8346	3259	5337	7298
Sliema	5890	8383	9819	5518	7740	8586
Marsascala	699	938	1473	655	866	1288
Birzebbuga	166	91	491	155	84	429
Comino	0	91	491	0	84	429
Gozo	442	484	3928	414	447	3435
Valletta/Floriana	644	1301	982	604	1201	859
Rabat/Mdina	129	272	0 (*)	121	251	0 (*)
Attard	166	363	0 (*)	155	335	0 (*)
Others	2301	5750	3437	2156	5309	3005
TOTAL	**18407**	**30264**	**49095**	**17245**	**27941**	**42932**

Source: Planning Authority, Central Office of Statistics

(*) Although no figures have been indicated for these localities, this does not mean that no tourists stay in these localities. The results obtained from the survey, through a random sample of tourists, simply did not pick any tourist staying in these localities.

Major Problems

Considering the attraction of the coastal resorts accommodation within the inner parts of Malta have moved out of the tourism business and opened old people's homes.

The main problem here is the concentration of activity in specific areas during a specific period of the year and the perception that such localities are oriented towards a summer form of tourism.

The other problem is the disparity in tourist flows to these localities during the various seasons resulting in a low level of activity during the off-peak months, an underutilisation of resources, infrastructure and tourist facilities resulting in lower earnings during this period with the risk of decreasing employment to cut down on costs.

Possible answers or steps to take

The widening of the tourist offer in these areas making them attractive to the winter tourist particularly through the organization of specific activities e.g. lace making and other courses relating to specific crafts as well as the development of new facilities other than accommodation e.g. theatrical venues.

Evening activities are organized for tourists in particular hotels to enliven the winter evenings in these resorts and encourage a more constant flow of tourists during the season.

Set a moratorium on the increase in bed capacity in these areas.

Problems seldom if ever tackled

There has been no concerted action to re-structure these resorts to transform the product offered. Tourism plans for such areas need to be prepared, indicating development opportunities based on a re-branding and positioning of the resort. A holistic approach is important to change the image and market the winter potential of these areas.

Main players

Tourism authorities, tourism operators.

4.2 Fighting the seasonal aspect to improve tourist-flow distribution in time

Observation

As indicated above, 36% of tourist arrivals in 2000 were concentrated during the three summer months of July to September. Although a number of new products have been developed during the last decade primarily to attract more tourists during the winter and shoulder months, nonetheless the additional provision of beds encouraged more tourists to visit the Islands during the summer and hence the new products had little effect in changing the seasonality pattern.

However, not all markets peak during the summer months. For example, the highest number of French tourists during a particular month was 10,694 in April 2000. Germans peak in the shoulder months too, particularly in May and October. On the other hand with the British market the summer months are the most popular months and with the Italians it is August.

Major Problems

Most of the problems related to the seasonal issues have been identified in previous sections and these relate to stress, employment, pressures on the infrastructure, pressures on heritage resources and natural resources, particularly the coast and the sandy beaches.

Possible answers or steps to take

The development of alternative accommodation rather than more beds in the resort areas, the capping of bed capacity in these saturated resorts, product development aimed at generating winter tourism and concentrating marketing efforts on those markets which peak outside the summer period.

Encourage senior citizen tourism, particularly from Northern Europe, during the winter months for long stays considering the favorable climate of the Islands.

Problems seldom if ever tackled

The Tourism Development Plan for the Maltese Islands (1989) identified the seasonality as one of the main strategic issues to tackle. Results over the last decade indicate that overall little progress has been achieved, primarily since the increasing bed capacity encouraged more tourists during the summer months with the increases during the winter months not being enough to change the seasonality pattern.

There is still a high emphasis placed on the UK market, even though this is currently around 35% of total arrivals. Any decrease in this market has a greater effect on the accommodation stock than other markets, apart from the German. Nonetheless, the UK market is very seasonal and hence marketing efforts to this nationality should be reduced and invested in those markets that visit the Islands outside the summer season.

Main players

Tourism authorities, hotel operators and tour operators.

4.3 To promote a more creative enhancement of cultural and natural assets

Observation

The presentation and marketing as well as management of most of the heritage attractions on the island need considerable upgrading. The importance of this is proved by the upgrading project at the Hypogeum which now includes a visitor center and interpretation facilities and which is now considered as definitely a superior product and an example to other sites. Some improvements in this respect have also been carried out at the Museum of Archaeology. Attendances to heritage sites and museums has increased over the last years, although with some more promotional efforts and management tourism activity can contribute more to such heritage than it is currently doing.

Table 4 – Group admissions to museums and historical sites in the Maltese Islands 1997 - 1999

Museum/ historical site	**1997**	**1998**	**1999**	**1997**	**1998**	**1999**
	No. of paying visitors	No. of paying visitors	No. of paying visitors	No. of visitors entering free	No. of visitors entering free	No. of visitors entering free
Art	133163	177082	164732	24478	30995	38203
Archaeology and history	49582	152196	172317	7929	15848	17300
Natural History & Natural Science	9483	14317	9379	10808	11599	13162
Science and Technology	-	-	-	-	-	-
Ethnology & Anthropology	42708	46603	51518	50481	32335	39169
Monuments & Sites	485535	587920	596142	111856	75580	85073
Specialised	285451	328028	323422	27659	31702	29995
TOTAL	**1005922**	**1306146**	**1317510**	**133211**	**198059**	**222903**

Source: Central Office of Statistics

The private sector has invested in the promotion of heritage through a number of visitor attractions in the form of audio-visual shows and dioramas depicting aspects of the historical heritage.

Unfortunately, with regard to the natural heritage very little has been done. The Maltese Islands does not have areas designated as nature parks or national parks as yet, thus there is very little management of the countryside and the natural environment to enhance the potential of these resources as attractions through an entertaining and educational experience.

Major Problems

Funding for the upgrading and appropriate management of the historic, cultural and natural resources has not been consistent. Emphasis was primarily on conservation rather than heritage management. On the other hand although the historical heritage is generally the responsibility of the Department of Museums, the natural heritage has no proper management mechanisms, even though responsibility falls under various agencies, Environment Protection Department, Planning Authority and Department of Agriculture, to mention a few.

The promotion of the Islands' heritage is in the hands of various organizations, particularly the tourism authorities and the private sector. The agencies responsible for heritage do very little publicity and hence there is no relation between the level of marketing and the capacity constraints of the specific site. This results in unmanaged flows of visitors to heritage sites with the risk of degrading the resource and diminishing the expected visitor experience.

Possible answers or steps to take

It is important to set up appropriate management structures at these sites, both the historical and natural heritage sites to implement upgrading programmes not only with regard to the promotion of such sites but also the presentation of heritage to enhance visitor experience. Interpretation of such sites should be encouraged offering visitors an educational and entertaining experience.

The tourism private sector should be more sensitive to the sites and organize their visits in such a way so as not to result in overcrowding at specific sites during a specific time. This is the case during the summer months. Due to the short opening hours there is a concentration of visitors in the morning. The responsible authorities should consider extending opening hours, particular during the summer when tourists could visit the sites during the evening.

Problems seldom if ever tackled

Although the heritage resources are promoted as the Islands' main tourist product, unfortunately through the years there has been very little investment in this resource, particularly in human resources to manage such sites appropriately.

Although a Heritage Act has been passed through Parliament last year, until now there has been limited improvement in the restructuring of the Department of Museums and the setting up of a new Heritage Agency.

Government has shown little initiative in managing the natural heritage, with the resultant illegal dumping and other activities which adversely affect the natural heritage. This is important considering the promotion of walking trails.

Main players

The tourism authorities, Department of Museums, private sector tourism organizations, local residents.

4.4 Controlling the impact of tourist-related transport on the environment

Observation

Despite the size of the Islands, traffic is a major problem. The majority of locals travel by car particularly since the local public transport is still not perceived as being a convenient form of transport. This, results in traffic jams at specific points throughout the year, with the coastal localities encountering such problems during the summer months.

The Carrying Capacity Study states that public transport is used at least once by over 88% of tourists during their stay on the Islands. The higher volumes in summer result in an increased demand with frequent queues causing social discomfort.

More than 30% of tourists opt to hire a car for at least a day during their stay. 40% of the British summer visitors rent a car increasing the number of cars on the road by a further 1000 cars.

Travel to the Maltese Islands is mainly by air. In 1999, almost 3 million passengers (two-way) passed through the Malta International Airport which dealt with 34,734 aircraft movements during the year.

Only about 5% of total international tourists visiting the Islands come by sea through the links between Malta and Sicily. 56% of tourists coming over by sea come during the summer months.

Major Problems

Transport problems are not generally created by tourism but as a result of the high car ownership on the Islands, particularly Malta. Traffic problems in Gozo are not that acute. Major impacts are created at major recreational spots – the countryside in winter and the beaches during the summer months.

The rapid development in certain resorts had not been coupled with improvements in access and therefore traffic problems ensued. The level of activity generated by the development became unmanageable and Government had to take action to improve the infrastructure.

The buses although old and an attraction to tourists create substantial pollution through exhaust emissions, whilst traffic in the historic urban centers and historic cities e.g. Valletta has resulted in the deposition of soot on the façade of historic buildings.

Possible answers or steps to take

The encouragement of sea transport, particularly within the inner harbour region, where most traffic occurs because of employment factors, should be pursued further. Government is currently considering a ‘Connections Project’ to link the tow harbours on either side of Valletta and the respective localities.

The introduction of residents’ parking schemes should discourage the use of travel by car, particularly if day parking becomes expensive.

The testing of vehicles should result in the removal of cars, which fail the road-worthiness test, although there are still vehicles which emit excessive exhaust emissions. New cars should make use of unleaded petrol and it is likely that in future car owners will be encouraged to convert their vehicles to unleaded petrol.

Problems seldom if ever tackled

Subsequent Governments have not yet managed to bring about an improvement in the public transport service, despite repeated promises and initiatives. The public transport service is operated by individual bus owners and managed by the Public Transport Association. There are around 520 buses which operate on a day on day off basis. However, until now improvement of basic elements like arrival and departure schedules have been very limited and inter town connections need to be increased to avoid traveling to Valletta to go to other parts of the Island.

Main players

Government (Malta Transport Authority), Public Transport Association, local population.

4.5 Limiting the denaturing of the coastal space, restoring the natural heritage

Observation

Most tourism development, and not only tourism development, is along coastal areas due to the size of the Maltese Islands. In the past there has been an approach to take coastal areas away form public access and transform them into private beaches for hotels. This form of beach concessions has now been stopped and the coastal areas should remain accessible to the public, particularly since there is a high demand for both sandy and rocky beaches.

In some areas tourist establishments have been developed directly on the natural coastline whilst in others roads have kept back the development to encroach on the coast, even though such infrastructure in specific cases created a problem of sandy beach depletion as a result of changes in coastal dynamics both marine as well as terrestrial. Some dune areas have been adversely affected as a result of uncontrolled and unchecked development. The development of beach facilities like kiosks and the setting up of umbrellas and deck chairs over stretches of sandy beach has created some irritation by the public who has a ‘right’ to make use of those stretches without having to be harassed by operators of such facilities.

30.5% of the Maltese coast and 7.5% of the Gozitan coast are developed. Although since the coming into force of the Structure Plan development on the natural coastline has been limited, the pressures still exist, particularly as a result of proposals for holiday villages.

Government has recently taken action to address the illegal boathouses issues at a specific coastal area in the North of Malta. Although this initiative will not remove the structures and restore the area, the proposal is suggesting providing adequate facilities in the form of beach rooms to replace the existing shanty structures and improve the quality of the development ensuring that heritage resources on site are protected. About 1200 illegal boathouses have been constructed in the area.

Major Problems

In some localities tourist accommodation facilities have caused pollution of bathing water as a result of sewage overflows ending up in the sea.

The placing of facilities along the sandy beaches, particularly next to sand dunes have caused a depletion of these dunes.

The development of a new tourism and residential facility along the coast with the creation of a yacht marina has caused damage to the posidonia meadows in the area.

Possible answers or steps to take

Authorities and the tourism sector, particularly, should value the coast as an inherent and intrinsic resource to increase the quality of the tourist experience at these resorts. Unfortunately, it is often seen as a resource to be exploited with the presumption of improving tourism facilities. This can be done by promoting the coastal natural heritage as an added value to the product offered in such resorts through its protection.

Introduction of coastal management to reconcile development with protection of the resource is important. This will entail appropriate policies and zoning of activities to manage better development and protection of the coast. This will require the rationalizing of responsibilities and giving responsibility to one agency, which represents the main interests.

In the long term Government should reconsider the re-structuring and rejuvenation of the traditional resorts and in the process restore the developed coastal stretches back to the public and remove insensitive development. This might be somewhat difficult since it would necessitate bold decisions.

Problems seldom if ever tackled

Should Government delay the rejuvenation of these resorts, it is likely that developments, which are upgrading will not be complemented by a quality environment and tourist product. It is also unlikely that Government will make bold steps in returning to the public coastal areas, which have been taken up by hotel facilities.

Main players

Government, tourism authorities, private sector, Planning Authority.

4.6 Implementing the environmental management of accommodation, facilities and tourist resorts

Observation

Most of the existing tourist accommodation has not implemented any environmental management initiatives, although some of the new accommodations are more aware of the introduction of such measures, particularly with regard to water conservation (e.g. the use of Reverse Osmosis to supply water rather than make use of the public system) and energy conservation.

80% of all sewage is flushed untreated into the sea. Part of this results from tourism development and activity. There are only few tourist establishments that make use of treatment plants within their development.

The design of most new accommodation establishments is generally an imitation of constructions in other Mediterranean resorts with little attention given to local architectural features.

Apart from embellishment projects, tourist resorts are not appropriately managed to ensure that activity does not impact negatively on the natural and social environment. This would require co-ordinated efforts which involve tourist establishments and the local community participating in initiatives to reduce their impact on the environment in terms of waste recycling, water conservation, traffic management, etc.

Major Problems

During the 80s the demand for water resulted in Government building a number of Reverse Osmosis Plants. Today as a result of better distribution, these plants are operating at 50% capacity, even though demand has increased. However, the Plants take up 14 – 20% of Malta's energy production with tourism making up for 8% of total water consumption. The mismanagement of water has resulted in the development of an infrastructure, which during peak season is operating at half its capacity and thus an underutilization of facilities, apart from the investment needed to develop these facilities.

Most of the sewage is still being flushed untreated into the sea resulting in potential pollution risks at specific beaches in the vicinity of these outfalls.

There is very little recycling of waste and most of the waste is dumped in the main land fill. 80% is waste is inert waste i.e. construction waste, but limited recycling of organic waste is done. This major waste dump is close to the main tourist area of St. Paul's Bay and a popular bathing area. Complaints from hotels in this area and the restriction of swimming in the vicinity are some of the main problems resulting from this dump.

Possible answers or steps to take

Tourist establishments should be encouraged to take up environmental management measures through information and awareness campaigns. Establishments should realize that through such measures they could reduce their operational costs. Some initiatives on saving water have been implemented.

Leaflets could be distributed to tourists to encourage more concern towards environmental issues in terms of waste generation and saving on water and electricity.

Government agencies should also encourage measures to encourage locals to separate waste. Such an initiative was started some years ago but was not operated appropriately.

Problems seldom if ever tackled

The lack of a collective initiative to implement environmental management measures reflects a poor concern for environmental issues. Environmental management is not only achieved through the implementation of waste management and energy saving measures, but also through the containment of development within an acceptable scale. Through further extensions accommodation establishments are compounding the problem.

Main players

Tourism authorities, Environment Protection Department, tourist accommodation operators, local residents.

5 CONCLUSIONS

There is still a lot to be done to develop a more sustainable form of tourism activity. Despite the isolated initiatives, there is as yet very little constructive commitment in this respect with pressures from developers to develop new tourist projects considering an oversupply in bed supply, as indicated in the Carrying Capacity Study.

Hotel type bed stock will be stabilized below the 2002 envisaged level and seek to increase occupancy rates. The Malta Tourism Authority will encourage existing accommodation to seek to transform their offer to attract specialized markets. However, this would require a transformation of the resorts to attract new markets. With regard to the summer months tourist arrivals will be stabilized as levels of saturation are being reached and experienced with growth being directed towards the winter months.

The main task in future would be to bring the Maltese Islands out of the saturation/decline stage into a rejuvenated tourist destination. This would require transforming most of the current product offers and taking bold decisions for the benefit of the future and long-term success of the sector.