

# REDISCOVER *TO ALIGN*

Managing a Sustainable,  
Authentic & Resilient  
Tourism Future



In collaboration with

 **EY** Parthenon

## Foreword

Following the strong post-pandemic recovery of Malta's tourism industry, the need to shift the national conversation from growth to balance has become increasingly evident. The sector's success reaffirmed its resilience and economic importance, yet it also exposed pressures on infrastructure, communities, resources and the overall visitor experience. It is within this context that Rediscover to Align was conceived, as a natural next step in Malta's tourism journey, focused on ensuring that future development is guided by alignment, sustainability and long-term value.

As the leading voice of the business community, The Malta Chamber of Commerce, Enterprise and Industry has taken a proactive role in driving this discussion forward. Building on its earlier work and informed by extensive tourism stakeholder engagement, The Malta Chamber recognised that the post-COVID rebound called for a more deliberate approach: one that aligns growth with national priorities, aligns visitor expectations with community wellbeing, and aligns investment with a higher-quality experience in the tourism model.

Tourism cannot be defined solely by the number of arrivals and bed nights. Global travellers are increasingly discerning, seeking authenticity, sustainability, memorable and meaningful experiences. At the same time, destinations are being challenged to manage success responsibly while preserving what makes them unique. For Malta, this moment presents an opportunity to recalibrate, to move from a recovery mindset to a strategy centred on balance, resilience and differentiation.

Rediscover to Align reflects this shift. The document brings together data, international trends and extensive consultation across the tourism ecosystem to provide a strategic framework for the sector's next phase. It seeks to guide Malta toward a model that prioritises value over volume, strengthens governance and coordination, invests in human capital and innovation, and protects the natural, cultural and

social assets that define the Maltese tourism experience.

At its core, this publication recognises tourism as a national endeavour that extends beyond the industry itself. It intersects with urban planning, infrastructure, culture, environmental stewardship and community wellbeing. Achieving alignment therefore requires collective ownership - sustained collaboration between public authorities, industry operators, communities and institutions, guided by transparency, accountability and a shared long-term vision.

Tourism remains one of Malta's most powerful windows to the world. The experiences we offer shape how our country is perceived internationally and how our society evolves domestically. By placing balance, authenticity and sustainability at the heart of our strategy, we can ensure that tourism continues to deliver economic value while enhancing the quality of life for residents and visitors alike.

The Malta Chamber expresses its sincere appreciation to the Tourism Operators Committee for its leadership, insights and commitment throughout this process, the stakeholders that participated in this process for their input, as well as to EY for its technical expertise and valuable contribution in shaping this publication. Their collaboration has been instrumental in ensuring that Rediscover to Align is both grounded in industry realities and forward-looking in its ambition.



**William Spiteri Bailey**  
President



**Marthese Portelli**  
Chief Executive Officer

**The Malta Chamber of Commerce, Enterprise and Industry**

## Tourism Operators Business Section



**Joseph Galea**

Chairperson



**Dylan Seychell**

Deputy Chairperson

**Tourism Operators Business Section**

The Malta Chamber of Commerce, Enterprise and Industry

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### COMMITTEE MEMBERS



**Alan Arrigo**



**Rebecca Bonnici**



**Robert Debono**



**Josef Formosa Gauci**



**Jessica Rees Jones**



**Kevin Vella**

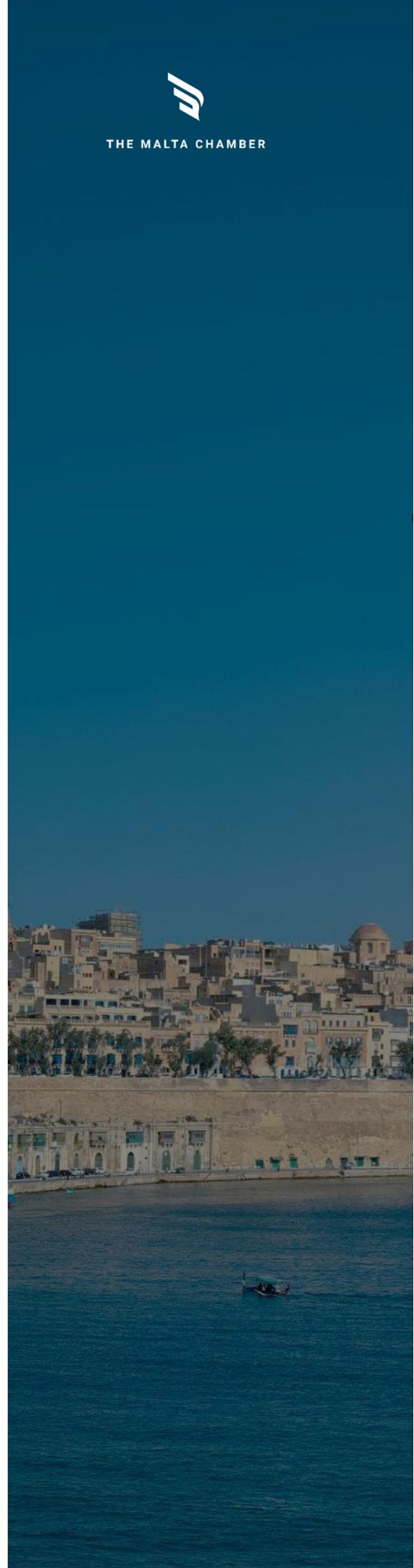


**Julia Aquilina**



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## Executive Summary

Malta's tourism industry has evolved rapidly in recent years. Following a post-pandemic rebound, reaching record arrivals and expanding global reach, the sector now faces a new set of challenges tied to its own success. The pressures emerging from high visitor volumes, shifts in traveller behaviours, infrastructural and environmental constraints, and rising expectations call for a recalibrated approach to growth. The focus can no longer be on recover or expansion alone; it must shift towards quality, balance, competitiveness, and long-term resilience.

This report presents an updated tourism strategy for Malta, reflecting extensive stakeholder consultation, detailed analysis, and alignment with international sector trends. While it retains the original Rediscover framework, it updates the strategic direction to address today's realities and tomorrow's demands. At its core, the strategy emphasises "Managing Success", safeguarding Malta's strength while mitigating pressures on communities, infrastructure, and the environment.

The report outlines a framework built around three strategic pillars:

-  Improving the Customer Journey
-  Encouraging Authentic and Unique Experiences
-  Building Our Capabilities

Together, they provide a structured pathway to elevate value per visitor, strengthen brand positioning, diversify the tourism product, and improve the regulatory and institutional environment. Each pillar is supported by actionable recommendations designed to enhance service quality, manage tourism

intensity, modernise regulation, and build a more resilient and skilled workforce.

Global traveller sentiment underlines the need for this recalibration. Tourists are prioritising authenticity, value, sustainability, and off-peak travel. While Malta remains a competitive and well-connected destination, pressures from uneven seasonality, rising accommodation supply, and local community impacts highlight the need for a more balanced model. Addressing oversaturation, improving the public realm, and enhancing infrastructure will be critical to safeguarding the visitor experience and resident wellbeing.

Ultimately, this strategy seeks to align national priorities, industry ambitions, and community needs. It calls for coordinated action, stronger governance, and a shared commitment to elevating Malta's tourism offer. By placing quality, sustainability, and strategic alignment at the centre of future development, Malta can continue to thrive as a leading Mediterranean destination, one that offers value to visitors while remaining a vibrant, liveable home for its residents.



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# Introduction, Scope & Methodology

## Section 1

### Introduction, Scope & Methodology

## Background

This update builds on the 2021 Rediscover Report, which was developed as Malta's tourism industry faced unprecedented disruption, with international travel grinding to a halt, and the sector becoming one of the hardest-hit in the economy, in the wake of a global health crisis brought on by the COVID pandemic. The original strategy focused on recovery and resilience, aiming to restore pre-pandemic performance while laying the foundations for sustainable growth.

The 2021 strategy report was anchored on a framework that had three core pillars. Each pillar was then supported by enablers and foundational elements designed to reposition Malta as a quality-driven, year-round destination.

Fast forward to today, Malta has not only recovered but exceeded pre-COVID levels, reaching record tourist arrivals and expanding its market reach. It is this success that has brought new challenges.

This update reflects these new realities, retaining the original framework but adapting scope.

**The time is now to...**

*...Focus on responsible growth, value creation, and long-term competitiveness...*

*Reevaluate the operational levers driving our success...*

*Align our priorities.*

## Scope

Within a rapidly evolving global landscape, the relevance of this report stems from its role as a forward-looking framework, guiding the industry beyond recovery, towards responsible growth and long-term resilience.

This report combines global and regional priorities with Malta's unique challenges and opportunities, offering a strategic framework that aligns with international best practices while taking local realities into account.

This update is being developed at a time when government is also signalling the need for reform in the tourism industry. These developments underscore the need to rethink the original 2021 strategy and widen its scope to align with emerging priorities and to ensure Malta's tourism strategy remains relevant and responsive to emerging priorities.

## Section 1

### Introduction, Scope & Methodology

## Methodology

The approach adopted for this update combines qualitative insights with quantitative analysis to ensure a comprehensive forward-looking strategy. It builds on the original 2021 framework while integrating recent stakeholder input, local and international tourism trends and global best practices.

### Mixed Approach

A combination of desk research, data analysis, and consultative engagement was applied, enabling a well-rounded perspective that considers both empirical evidence and industry insights. This approach facilitated a balanced view that incorporated both factual data and expert knowledge from the field.

## Stakeholder consultations

A broad consultation initiative was conducted with all key sectoral and industry stakeholders. This involved a series of structured one-to-one interviews and focus groups, ensuring that the strategy was directly shaped by insights from industry operators and key strategic representatives, including constituted bodies, government entities and relevant local authorities. They shared their pain points, aspirations, and challenges as well as the opportunities they believe Malta can leverage.

**A total of 32 stakeholders and industry experts were consulted across several focus groups and structured one-to-one interviews.**



## Section 1

### Introduction, Scope & Methodology

## Methodology - Framework

The updated strategy retains the three-pillar structure introduced in the 2021 Rediscover report, ensuring continuity while adapting to new realities and global trends. These pillars remain the foundation for The Malta Chamber’s proposed tourism strategy, which is now framed around the principle of “Managing Success”, a strategy that prioritizes quality, sustainability, and resilience over volume-driven expansion.

### Why this strategy?

Malta’s tourism sector stands at a critical juncture. Global megatrends, shifting consumer expectations, and environmental imperatives demand a transition toward a model that delivers authentic experiences, reduces seasonality, and strengthens competitiveness. “Managing Success” means safeguarding the industry’s achievements and ensuring long-term viability by focusing on value creation, community wellbeing, and environmental stewardship.

### The Three Strategic Pillars:

- **Improving the Customer Journey**
- **Encouraging Authentic and Unique Experiences**
- **Building Our Capabilities**

Each pillar is supported by enablers, thematic areas such as Branding & Marketing, Digital & Innovation, Accommodation, Culture & Identity, Governance, and Human Capital. Under each enabler, a set of strategic recommendations have been developed, informed by stakeholder input, research, and international best practice.





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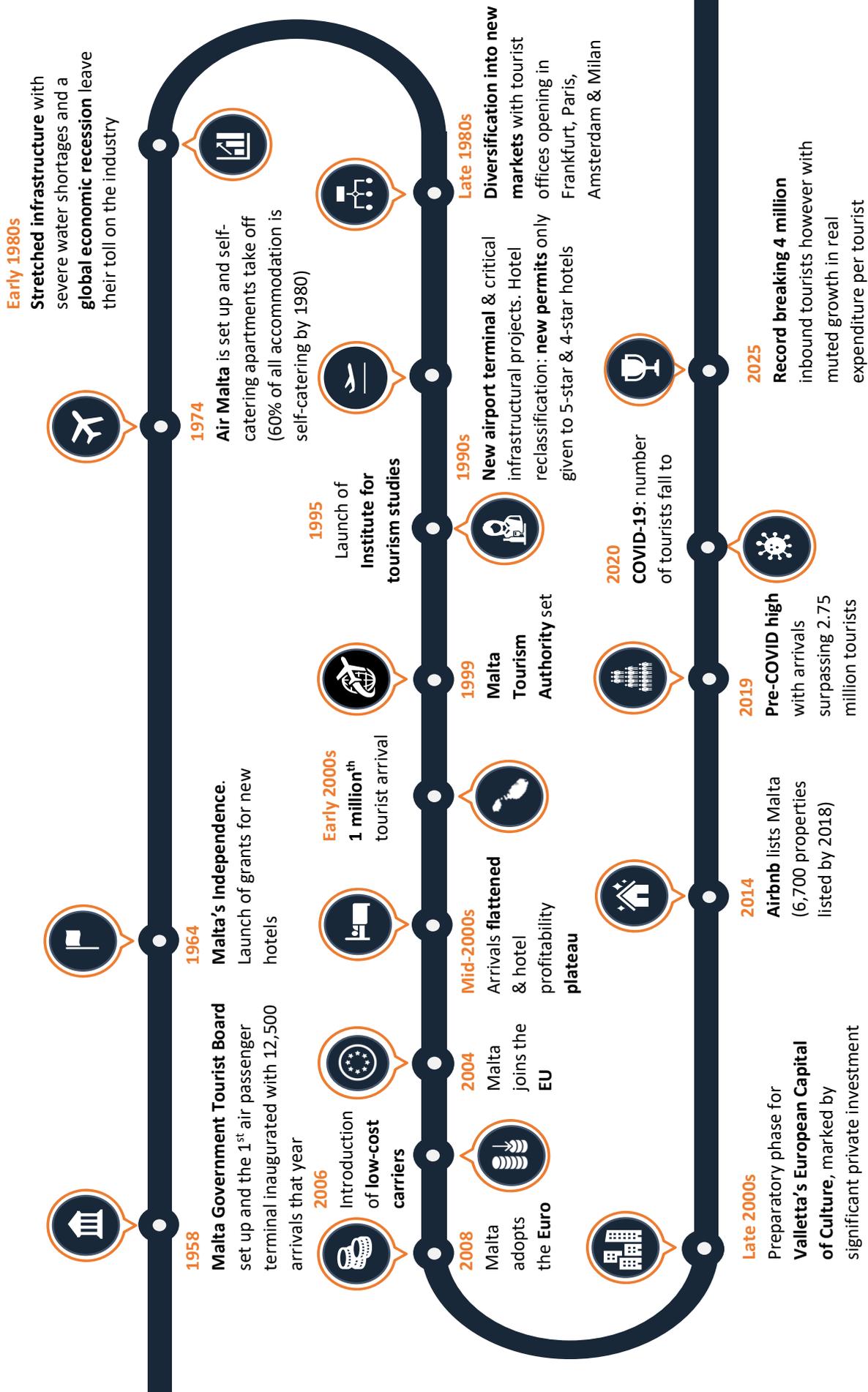
# Timeline and Trends



**Section 2**  
Timeline & Trends



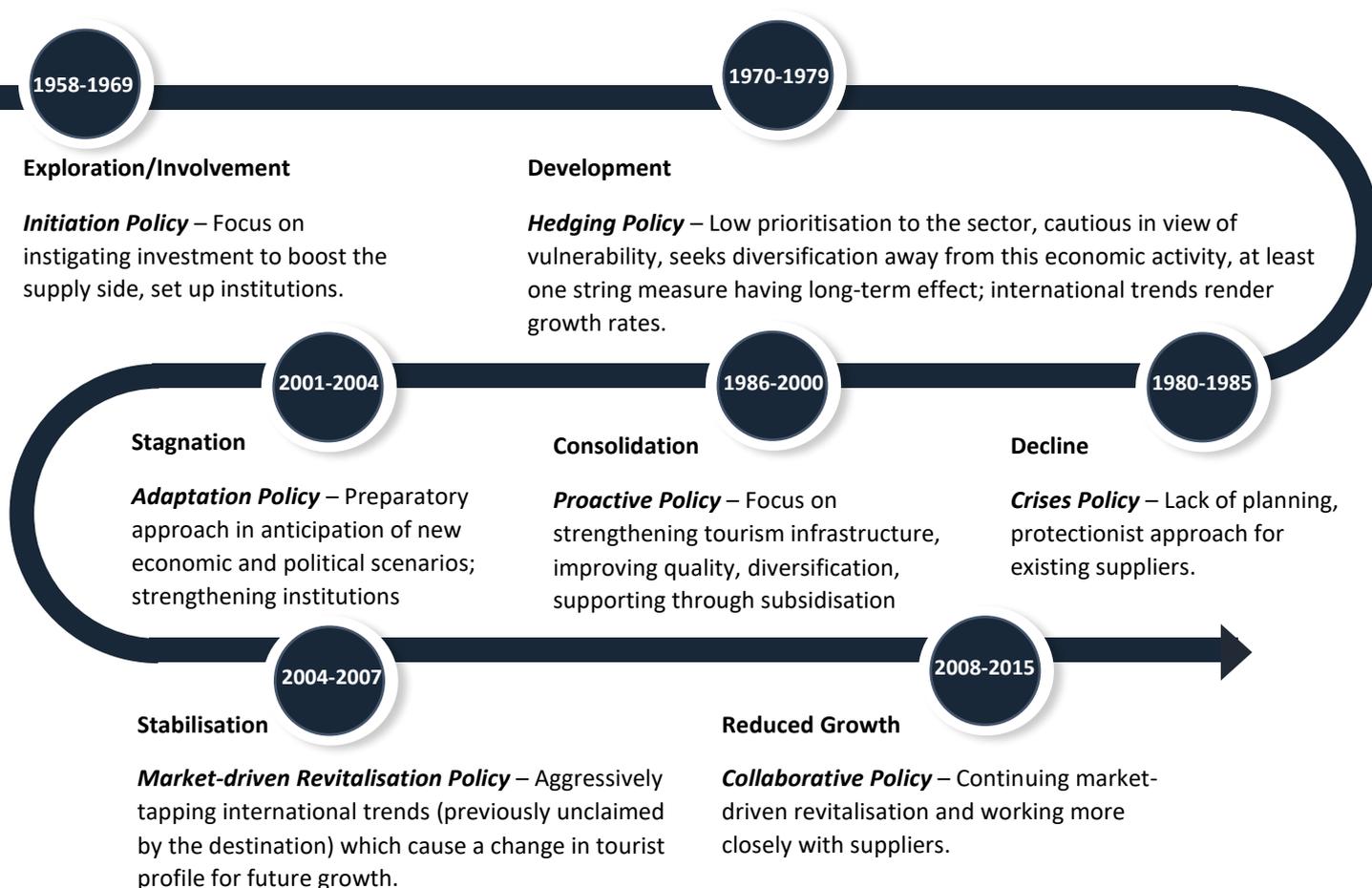
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## Malta's Tourism A Story of Transformation

Malta's tourism industry has undergone a remarkable transformation over the past decades, recently evolving from a recovery-focused strategy in the aftermath of COVID-19 to becoming one of the Mediterranean's most dynamic and resilient destinations. The country has not only regained pre-pandemic performance levels but surpassed them, setting new records in visitor arrivals and solidifying its position as a key player in regional tourism.

The COVID-19 pandemic was not the first shock to Malta's tourism industry. Over the years, the sector has faced numerous challenges, requiring businesses to adapt and travellers to change their habits. According to Mangion (2015), Malta's tourism development progressed through seven distinct stages between 1958 and 2015, each shaped by evolving priorities and external pressures.



Source: Mangion, M.-L. (2017). *Tourism in Malta: Policies and Performance (1958–2015)*. Malta: Malta University Publishing.

## Malta's Tourism A Story of Transformation

When The Malta Chamber first launched its tourism strategy in 2021, the world was only just emerging from an unprecedented shock. The focus then was on resilience, on how to rebuild an industry that had come to a standstill. Connectivity, confidence, and stability were the priorities of the time. Four years on, Malta's tourism story has evolved. Recovery is no longer the challenge, success is. The islands are welcoming close to four million visitors annually, far exceeding pre-COVID levels. Malta's new economic 2050 vision sets a new threshold – 4.5 million tourist arrivals by 2035.

But with this success comes a **new question...**

*...How can Malta sustain growth while safeguarding what makes it unique?*

### Rediscovering Tourism

The reopening year. Borders reconnected, airlines reestablished routes, and operators worked to restore confidence in travel.

2021

2022

### Regaining Confidence

Tourism rebounded faster than anticipated. Pent-up demand and increased air connectivity triggered a strong upswing in arrivals, particularly from established European markets.

### Beyond Recovery

Malta became one of Europe's post-pandemic success stories. Tourist arrivals surpassed 2019 levels, exceeding 3 million visitors, and the islands cemented their position as a resilient and attractive destination.

2023

2024/5

### Rebalancing Success

Growth continued but began revealing new pressures – on infrastructures, resources and local communities.

## A Record-Breaking Recovery In Numbers

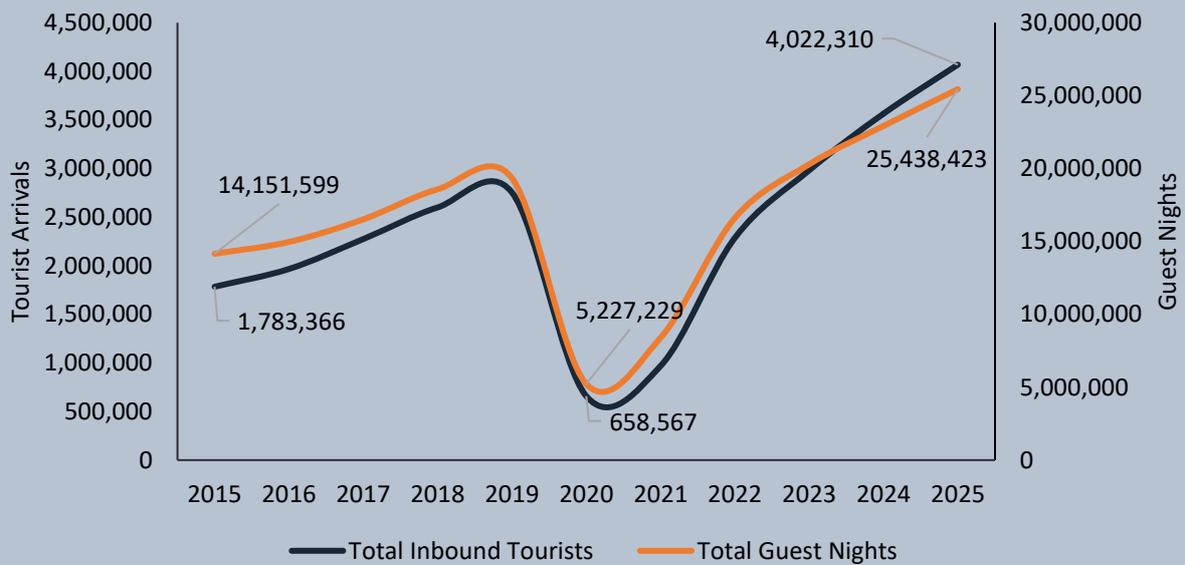
Malta welcomed over four million visitors in 2025, an all-time high that positions the islands among the best-performing Mediterranean destinations of the post-COVID era.

Connectivity remains a cornerstone of this success. Malta International Airport handled over 10 million passenger movements in 2025, with 111 routes linking the islands to over 37 countries across Europe and beyond. This extensive network has been instrumental in sustaining Malta’s momentum, enabling consistent growth in arrivals that continues to outpace the regional average.

### 2025 Snapshot

	
<b>4,022,310</b>	<b>25,483,423</b>
<b>Inbound Tourists</b>	<b>Guest Nights</b>

**Total Inbound Tourists and Total Guest Nights 2015-2025**



Source: NSO Inbound Tourism

## Cruise Tourism

### Malta's Floating Gateway

Cruise lining has re-emerged as a central pillar of Malta's tourism offering.

In 2025 the island hosted close to 900,000 cruise passengers, marking a complete recovery from pre-COVID levels. Malta's strategic position in the central mediterranean continues to make Valletta one of the region's most important ports of call and increasingly a homeport for major cruise lines. This segment generates positive spillovers for restaurants & cafes, retail operators, transport providers, tour guides, and cultural attractions. It also provides a strong base for airlines to fill long-haul flights.

It also helps reduce seasonality, with cruise activity starting as early as late March or early April and extending beyond September. However, when large cruise ships carrying up to 5,000 passengers coincide with peak tourist months challenges arise in managing visitor volumes. These include pressure on infrastructure and services during peak cruise days, risk of overcrowding at heritage sites and strain on local communities.

### 2025 Snapshot



### Total Cruise Passengers and Calls 2015-2025



Source: NSO Inbound Tourism

## A Diverse and Evolving Tourism Offer

Malta's tourism success is rooted not only in the growth of visitor numbers but also in the diversity of its offering. Beyond its sun, sea and sand appeal, the islands have developed a multifaceted tourism product that attracts a wide range of audiences.

**Cultural tourism** remains one of Malta's strongest assets. In recent years, interest in festivals, gastronomy, and creative industries has grown, expanding the cultural offer well beyond traditional sightseeing and enriching the islands' year-round appeal.

With its strategic location and compact scale, Malta is consolidating its position as a boutique Meetings, Incentives, Conferences, and Exhibitions (MICE) destination. Enhanced air connectivity, improved event infrastructure, and a more professionalised meetings sector have supported steady growth in business travel, particularly outside the summer months.

Malta also continues to be a leading destination for English Language Teaching (ELT) in Europe. Although the sector has stabilised following post-pandemic shifts, it remains an important contributor to year-round tourism, as adult learners generally stay longer than the national average.

Malta and Gozo are consistently recognised among the top diving destinations in the Mediterranean. Beyond diving, sports tourism is expanding, with cycling, sailing, triathlon, water polo and football training camps attracting teams and participants from across Europe.

Gozo continues to evolve as a distinct yet complementary destination. Its slower pace, open landscapes, and focus on nature-based and rural tourism make it an ideal counterbalance to the busier mainland. Gozo's growing emphasis on sustainability and wellness further strengthens Malta's overall destination mix.

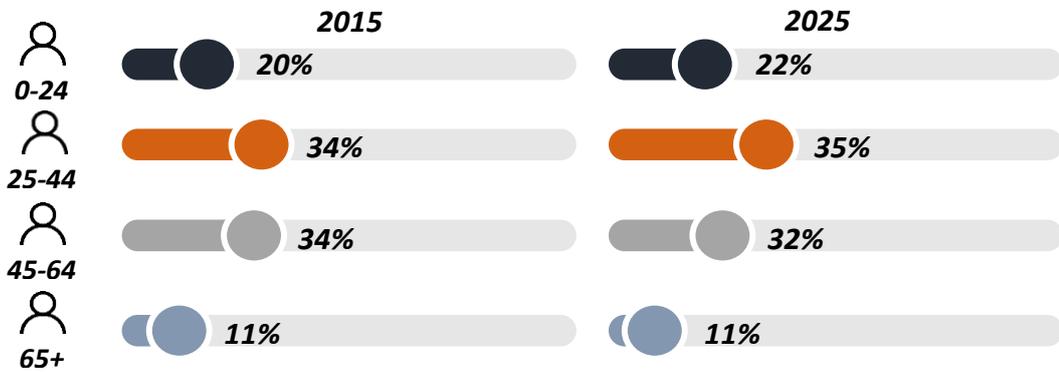


## Who's Visiting Malta? An Evolving Traveller Profile

Malta's visitor landscape has changed over the past decade. The islands have moved from reliance on traditional markets to a broader more diversified tourism base and from an older traveller to a younger, experience-driven visitor.

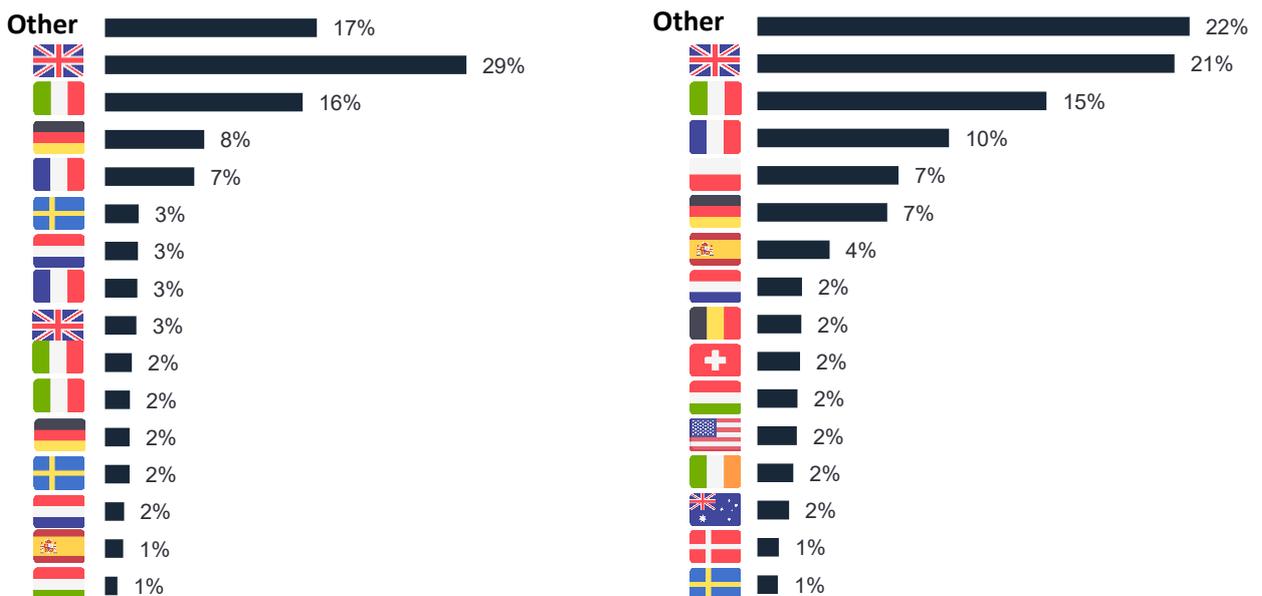
*The footprints of Malta's visitors are changing and with them the opportunities and challenges that define the next decade of tourism growth.*

### Inbound Tourist Share by Age Category



Source: NSO Inbound Tourism

### Inbound Tourist Share by Source Market, 2015 vs 2025



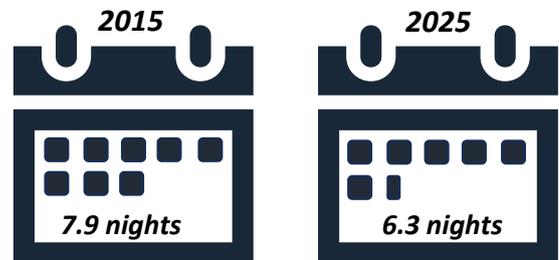
Source: NSO Inbound Tourism

## Shorter Stays & Expenditure that is driven by Volumes not per Capita Spend

These demographic shifts are reshaping travel behaviour. The average length of stay in Malta has shortened, now averaging around 6.3 nights, compared to approximately 7.5 nights in Mediterranean peers such as Greece and Spain; 8 nights in 2015. This reflects the growing dominance of short leisure trips and weekend breaks driven by younger travellers.

Spend per visitor also trails the European average when adjusted for purchasing power, highlighting Malta's reliance on high volumes rather than high per-capita spending. Total tourism expenditure rose from €1.6 billion in 2015 to €3.9 billion in 2025, in line with growing tourist volumes. However, after accounting for inflation, tourist spending per capita has decreased from €919.09 in 2015 to €771.01 in 2025, primarily due to tourists staying an average of two days less in Malta. Additionally, the average real expenditure per tourist night has seen only a modest increase during this period, rising from €115.82 in 2015 to €121.91 in 2025.

### Average Length of Stay



Source: NSO Inbound Tourism

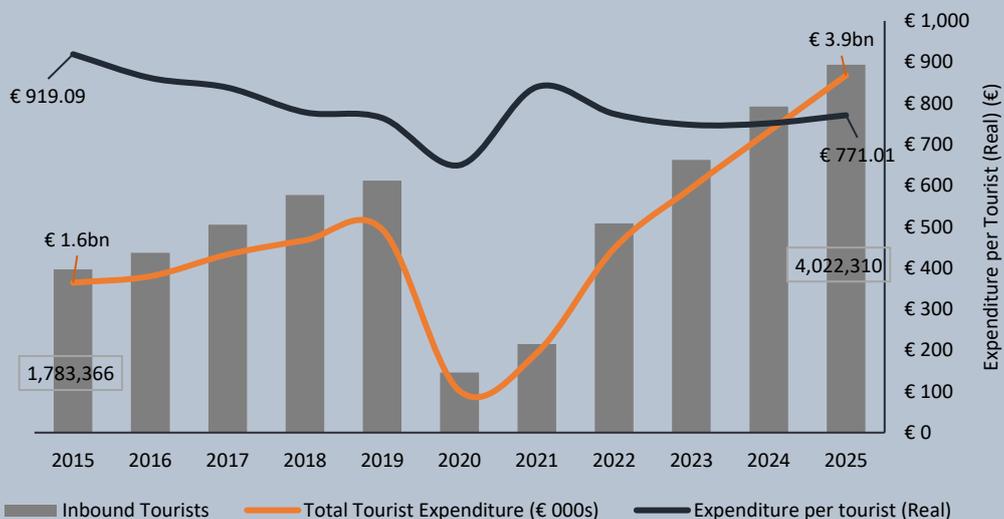
### Average Spend per tourist in real terms\*



\*Factoring inflation using HICP as the deflator with 2015=100

Source: NSO Inbound Tourism

## Total Inbound Tourists, Total Tourist Expenditure and Total Expenditure per Tourist



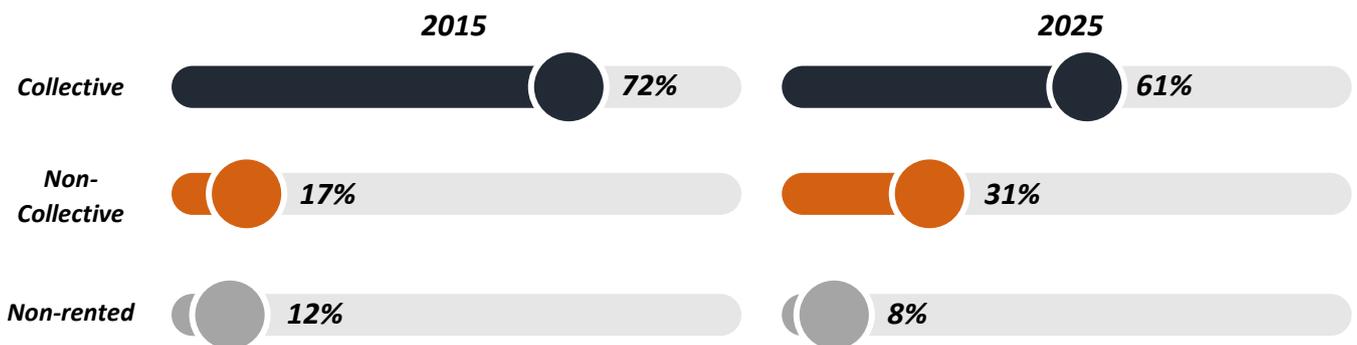
Source: NSO Inbound Tourism

## Accommodation Landscape

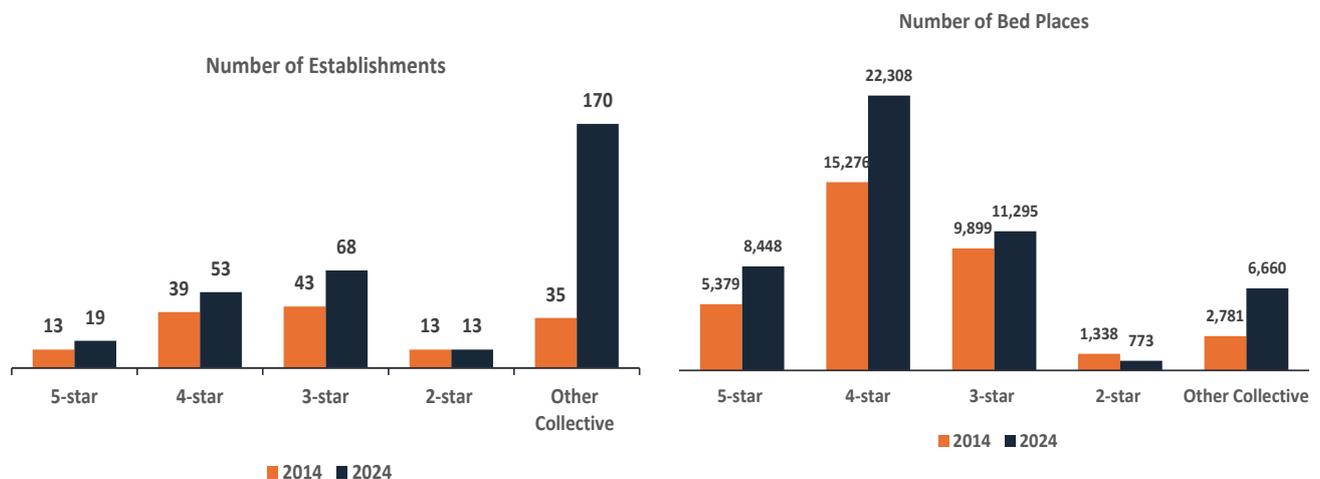
As travel patterns evolve, Malta's accommodation profile has diversified. Collective establishments such as hotels and guesthouses remain central to the tourism offer, but their relative share has declined due to the rapid expansion of non-collective accommodation. At the same time, the supply of hotels has continued to increase, raising concerns about oversupply and the need for stricter quality and sustainability standards.

*The rise of non-collective accommodation in Malta is spreading tourism to new areas, unlocking economic potential in residential zones but demanding stronger regulation and oversight.*

### Inbound Tourist Share by type of Accommodation



### Hotel capacity continues to expand, led by higher-category establishments and a more diversified accommodation offer



Source: NSO Collective Accommodation

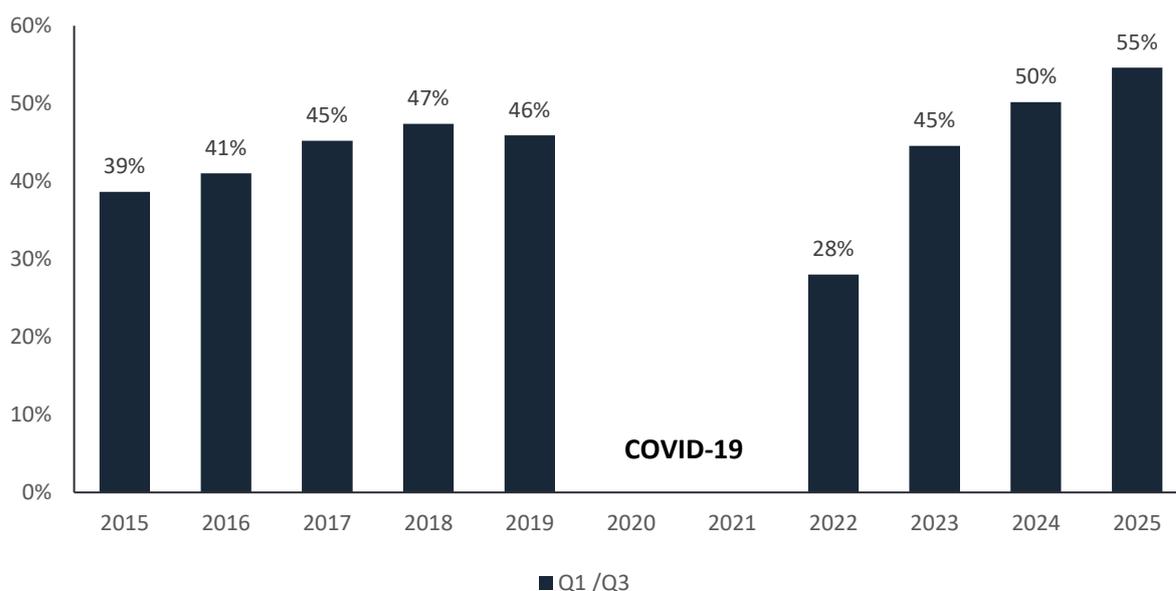
## Tourism Calendar

### Concentrated Demand

Malta's tourism calendar remains dominated by the summer months. While this reflects Malta's continued strength as a sun, sea and sand destination, it also underscores an imbalance between peak and off-peak periods. Encouragingly off-peak months are gaining traction – the share of inbound tourists in Q1 relative to Q3 has increased from 39% in 2015 to 55% in 2025. Still, the high summer concentration creates visible strain on infrastructure, public spaces and resident life, reinforcing the need to grow year-round demand through niche segments.

*Seasonality remains both a hallmark of Malta's appeal and a challenge for balance. Extending demand into shoulder months will be key to sustaining long-term growth.*

Seasonality, Share of Q1 inbound tourist volume relative to Q3



Source: NSO Inbound Tourism, EY Estimates

## Employment in Tourism Sustaining Growth Through Skills

Tourism has long been one of Malta’s most important sources of livelihood. As the saying goes, “mit-turizmu jiekol kul’hadd”. For decades, the sector has provided stable employment for thousands of Maltese workers, supporting households directly and indirectly through the services that orbit around it.

Yet as the industry has grown, so too have its demands. Tourism’s rapid expansion in recent years particularly post-pandemic, has outpaced the local supply of labour and skills. The sector’s evolving nature, coupled with demographic shifts and changing career preferences among younger Maltese, has led to declining local participation in traditional tourism roles.

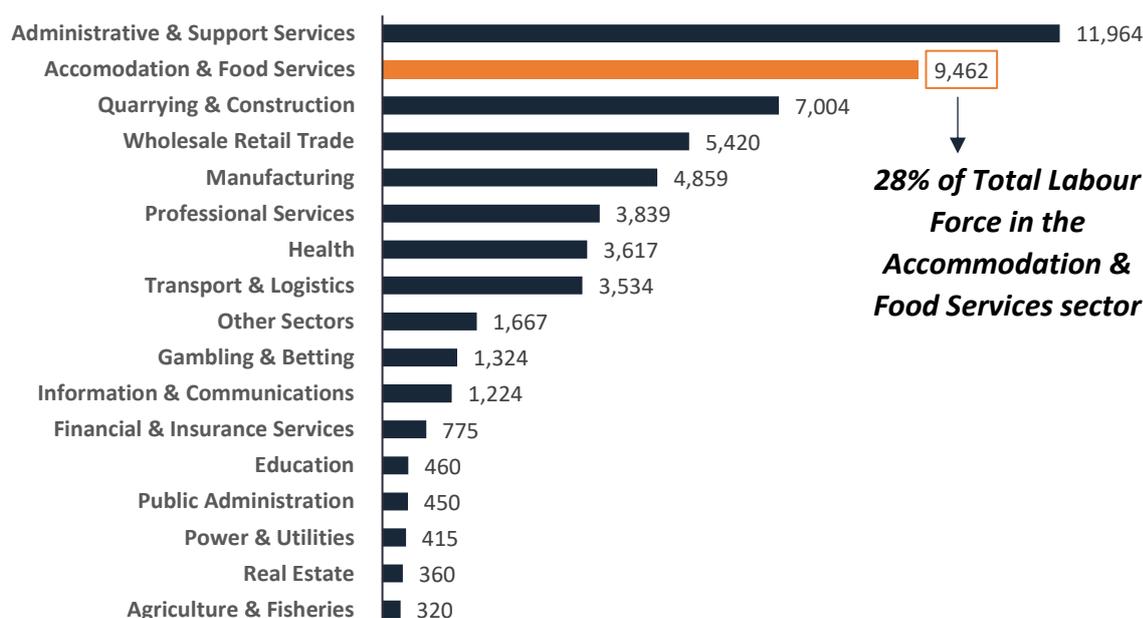
To sustain growth and maintain service quality, the industry has increasingly relied on international talent.

The share of foreign and third-country nationals working in hospitality has risen sharply in recent years, reflecting both the sector’s labour intensity and the limited domestic workforce available to meet its needs.

While this internationalisation of Malta’s tourism workforce has been essential to meeting demand, it also highlights a deeper challenge: retaining local engagement and ownership in the industry. The Maltese worker brings a cultural familiarity and authenticity that enriches the visitor experience, a quality that cannot easily be replicated.

Ultimately, international talent brings new perspectives and may even generate indirect tourism through visiting family and friends. However, to ensure Malta’s tourism remains authentic and true to its roots, there is a need to preserve and promote the local character of hospitality, the warmth, culture, and identity that define Malta’s visitor experience, through a strong local talent pool.

### Number of Single Work Permit TCNs by Sector



Source: Jobsplus (Single Work Permit TCNs); Jobsplus (Registered Employed Database), August 2023, EY estimates

## The Other Side of Success

### Managing Intensity and Impact

Record-breaking arrivals have also brought visible pressures. Malta has made it as one of the most tourist-intense destinations in Europe. In 2024 Malta hosted approximately 7,500 tourists per 1,000 residents, a level that far exceeds most Mediterranean peers. With a land area of just 316 km<sup>2</sup>, this equates to some of the highest visitor densities in the region, particularly during the summer months, when the population effectively doubles.

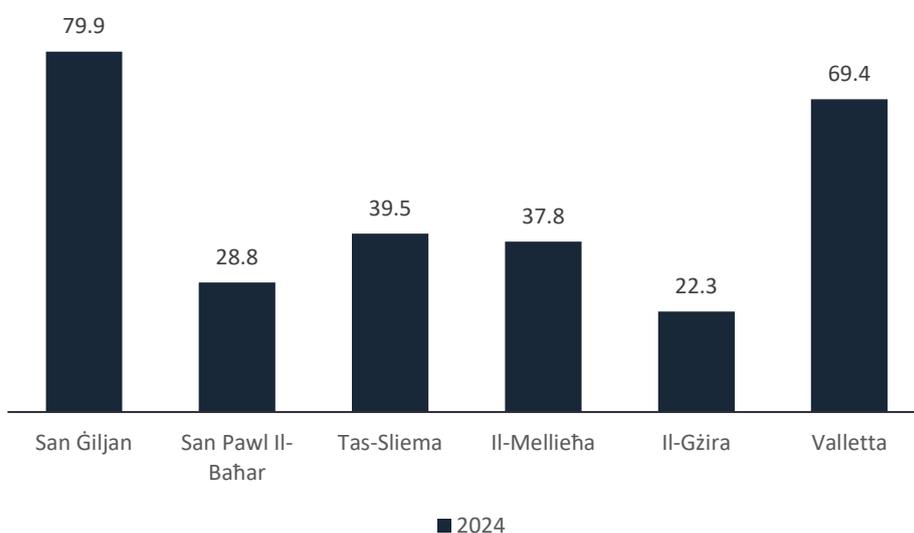
This intensity reflects Malta’s undeniable success in attracting global attention, but it also underscores the spatial limits of small-island destinations. High density amplifies the visibility of tourism in everyday life, on roads, public spaces, coastal areas, and heritage sites, making the management of flows as important as the growth of arrivals.

The concentration of visitors in a compact space generates tangible pressures, on mobility, accommodation, utilities, and resident wellbeing. Popular localities such as Valletta, Sliema, and St. Julian’s experience heavy footfall and traffic congestion during peak months, while coastal amenities and public spaces face capacity constraints.

Environmental pressures are also increasing. Rising visitor volumes drive higher energy and water consumption, greater waste generation, and strain on coastal ecosystems. At the same time, the spread of short-term rentals into residential areas has blurred the line between tourism and housing, adding complexity to community dynamics and affordability.

*With visitor volumes at record levels, effective intensity management is essential to safeguard communities and strengthen the destination experience*

### Tourism Intensity in top 6 tourism localities, 2024



**i** Tourism intensity measures the number of tourists for every 100 residents

Source: NSO Tourism Intensity

## Global & European Travel Sentiment

In a rapidly evolving global tourism landscape, signals from Europe and beyond are clear: traveller behaviour is shifting, destination competitiveness is being redefined, and the value proposition of tourism is under scrutiny. For Malta, this offers both opportunity and challenge.

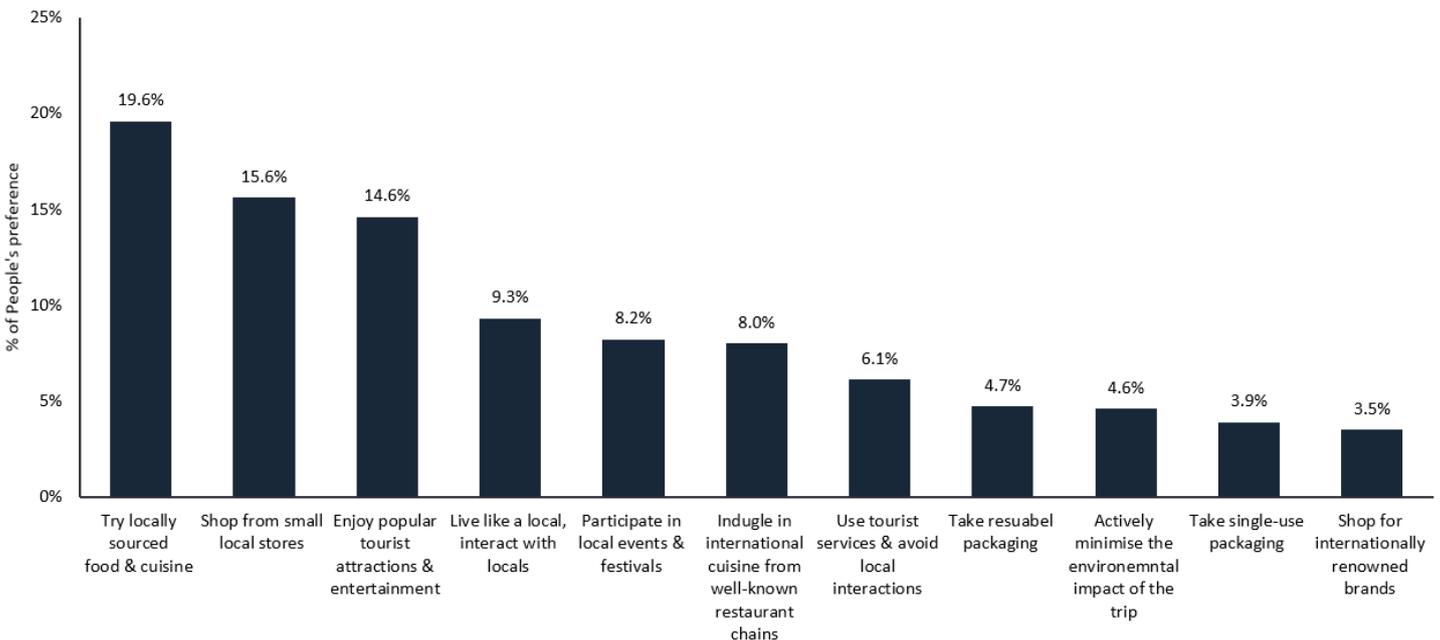
The global industry has moved from recovery to competition. According to the World Economic Forum’s Travel & Tourism Development Index, destinations are now assessed not on arrivals alone, but on quality, sustainability, resilience, and experience value—factors that shape adaptability to changing expectations.

Across Europe, sentiment remains positive but selective. Demand has stabilised above pre-pandemic levels, yet growth is moderating as travellers show greater sensitivity to cost, value, and seasonality. Inflation and higher airfares drive shorter, closer, experience-led trips, while destinations offering authenticity and good value perform strongly. Off-peak and sustainable travel are gaining traction, with one in three Europeans

planning trips outside peak periods, prioritising “value for money” and “authentic local experiences.”

Beyond Europe, long-haul markets such as North America and Asia, though smaller in volume, represent high-value segments with longer stays and higher spend. These travellers seek cultural depth, premium experiences, and seamless connectivity, areas where Malta’s focus on heritage, gastronomy, and niche offerings, supported by improved air links and digital facilitation, can unlock growth.

### Projected Travel Behaviours of Europeans for their next holiday

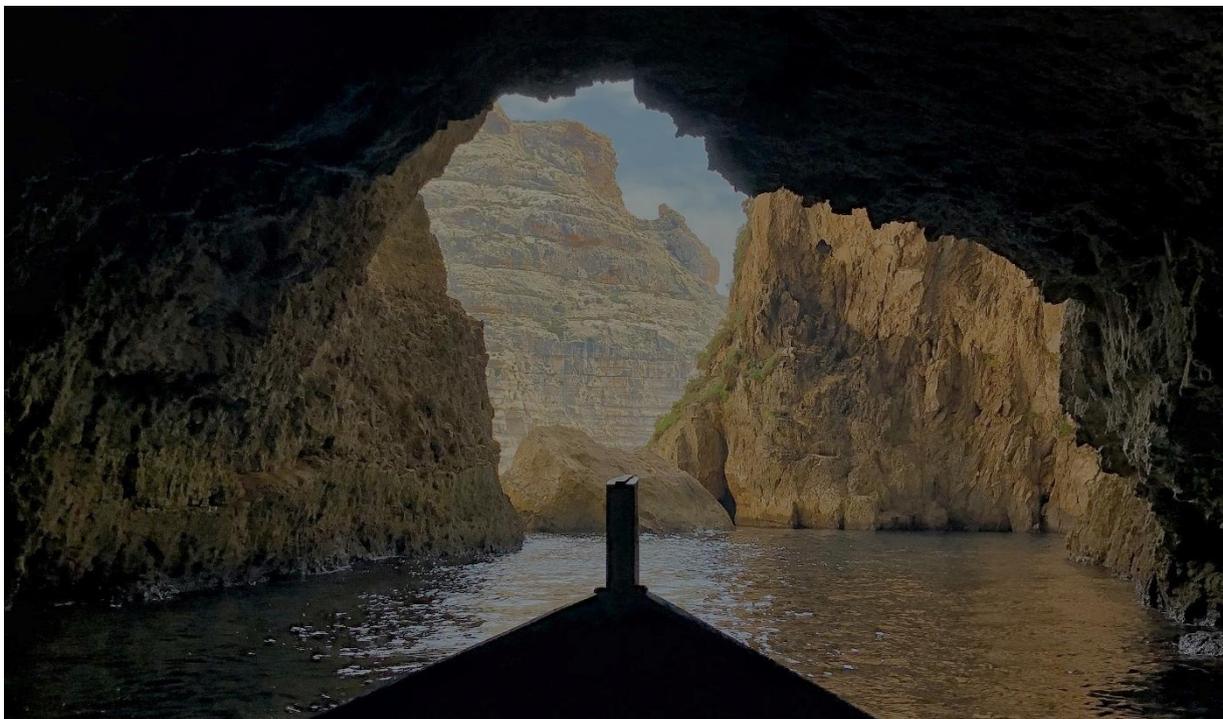


## Looking Ahead: Rediscover to Align

Malta's tourism journey from 2021 to 2025 has been one of **resilience, resurgence, and renewal**. In just four years, the industry has not only recovered from the pandemic shock but surpassed pre-COVID levels, cementing Malta's position among the Mediterranean's best-performing destinations. Yet sustaining this momentum calls for a shift in perspective and alignment: **from volume to value, from growth to balance, and from recovery to responsible growth**.

The years ahead will demand a new approach, one that extends tourism beyond the summer months, enhances value per visitor through innovation and quality, and manages growth in harmony with infrastructure, communities, and the environment. The focus must now move from counting arrivals to **curating experiences**, ensuring Malta remains both a **thriving destination** and a **cherished home**.

*The story of Malta's tourism is no longer just about rediscovery, it is about alignment. Malta must turn this strategy into action: growing responsibly, competitively, and sustainably for the years ahead.*





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# Aligning Malta's Tourism Strategy



### Section 3

#### Aligning Malta's Tourism Strategy



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At the heart of this renewed tourism strategy lies a set of **strategic recommendations** shaped by stakeholder insights, policy research, and changing industry dynamics. Built on the *Rediscover* framework, these recommendations are anchored in **three core pillars**: Improving the Customer Journey, Encouraging Authentic and Unique Experiences, and Building Our Capabilities. Each pillar is supported by key enablers that translate strategy into action, setting a course for a sustainable, high-quality, and resilient tourism sector.

### Section 3

#### Aligning Malta's Tourism Strategy



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## Pillar 1: Improving The Customer Journey

This pillar focuses on enhancing every touchpoint of the tourist experience, from pre-arrival engagement to on-the-ground services and post-visit follow-up. It emphasizes the importance of branding, digital transformation, accommodation quality, and supporting infrastructure to ensure a seamless, memorable, and high-value journey for every visitor.



## Pillar 1: Improving the Customer Journey

### Branding & Marketing

Malta's brand must reflect its unique identity, cultural richness, and commitment to quality tourism. Strategic marketing should shift away from mass promotion and instead focus on authenticity, seasonality, and niche appeal, with stronger collaboration between public and private stakeholders.

### Recommendations

- ✎ The destination promotion should focus on its safety, unique identity, cultural richness and high-quality offering. In particular:
  - ✎ Reposition Malta's image from a destination where the primary reason to travel is for drink & entertainment to one rooted in culture, heritage, and culinary excellence. Align all messaging with quality tourism values: authenticity, immersive experience, history, safety, and sustainability. The Malta experience must be presented as one that is difficult to find elsewhere and therefore unique, true to its own identity, and not a copy of something else.
  - ✎ Launch a dedicated marketing strategy for Valletta as a destination in its own right, focusing on its cultural identity while addressing the challenges of mass tourism, and promoting Valletta as a MICE and luxury travel destination. The Malta Chamber has already submitted specific recommendations in
    - ✎ response to the Government's consultation on the Valletta Management Plan including:
      - ✎ Broaden the destination concept to encompass Floriana and the Grand Harbour, highlighting Valletta's broader cultural ecosystem.
      - ✎ Strengthen and adequately resource the existing enforcement unit responsible for the Valletta Management Plan, enhancing its powers and operational capacity to effectively safeguard heritage preservation, ensure noise control, and uphold urban cleanliness.
      - ✎ Implement real-time data tools for visitor flow management and accessibility updates.
      - ✎ Provide specific incentives for property owners in Valletta maintaining heritage buildings or converting dormant structures for cultural or creative use.
      - ✎ Encourage public-private partnerships to repurpose historic buildings for contemporary cultural functions.
      - ✎ Implement a collaborative waste management system tailored to residential, commercial, and event needs.
- ✎ The concentration of cruise liner arrivals on the same days is creating overcrowding and diminishing the visitor experience in Valletta. To address this, the following measures are proposed:
  - ✎ Disperse large groups across multiple attractions (e.g., St. John's Co-Cathedral, Mdina Cathedral; away

### Section 3

#### Aligning Malta's Tourism Strategy



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from Valletta) and explore premium pricing to ease pressure on key sites.

- ✦ Introduce timed entry systems for popular locations, to manage crowd flow and avoid bottlenecks.
- ✦ Position Gozo as a distinct destination to Malta. There is an opportunity to better leverage Gozo for excursions, particularly through fast ferry services specifically designed for cruise passengers. This strategy would reduce congestion in Valletta, distribute visitor volumes between islands, and create added value for Gozo's tourism sector, which should focus on targeting eco-tourism, wellness and rural experiences.
- ✦ Transform Senglea Boiler Wharf into a boutique cruise quay, offering an exclusive berth for premium cruise ships (typically carrying 200-900 passengers) and positioning the Three cities as an alternative and distinctive destination to Valletta. Premium cruise lines prefer exclusive berths to avoid the overcrowding associated with mega liners. This approach would also be crucial for dispersing cruise passengers away from Valletta.
- ✦ Recalibrate marketing efforts to continue targeting off-peak months, where growth potential remains untapped, ensuring the strategy shifts from broad promotion to focused seasonal balancing.
- ✦ Shift part of MTA's marketing budget, especially from well-established source markets, towards product development and upkeep of tourism zones, prioritizing infrastructure, cleanliness and service quality to reinforce Malta's brand positioning. More on this under other Pillars and Enablers later in the document.
- ✦ To support the brand, incentivise the adoption of an industry driven Net Promoter Score (NPS) to increase and improve insights into the visitor experience - this will provide a measurable basis for monitoring visitor satisfaction as well as the required information to design timely and effective strategic responses to any emerging issues.

## Pillar 1: Improving the Customer Journey

### Digital & Innovation

Digital transformation is essential to modernize the tourism ecosystem, improve operational efficiency, and enhance the visitor experience. This enabler supports both private and public sector innovation, with a focus on smart technologies, AI and data-driven decision-making.

### Recommendations

Support the sector with digital transformation by:

- ✦ Carrying out a sectoral review to measure the ecosystem's digital readiness and identifying opportunities for digital transformation.
- ✦ Providing meaningful financial and technical support to help tourism enterprises digitise processes, improve efficiency and invest in the customer experience.
- ✦ Allocating material funding and technical resources to ramp up digitalisation and innovation for public entities. For instance:
  - ✦ Ensure government-owned systems are Application Programming Interface (API)-ready to enable seamless integration, allowing licensed operators to directly purchase tickets for ferries, museums, and attractions through their own platforms, eliminating the need for physical tickets. Ideally, this should be implemented within a one-

stop-shop framework, as connecting multiple APIs can be costly for SMEs; a single investment by government would streamline access and reduce duplication of effort.

- ✦ Deploy smart billboards in key tourist areas and neighbourhoods, to provide real-time, friendly guidance and local etiquette tips that encourage respectful behaviour towards the surrounding environs and host community.
- ✦ Integrate real-time admission data from popular attractions into a tourist app and/or industry dashboard for operators to display peak hours, queue times, and suggest less busy visiting slots, helping tourists and agents plan smarter itineraries.

## Pillar 1: Improving the Customer Journey

### Accommodation

Accommodation supply and standards must align with Malta's strategic goals of quality and sustainability. This means managing oversupply, updating licensing frameworks, and ensuring high standards across all segments, including short-term rentals. Furthermore, as tourism expands into towns and rural villages, it is critical to safeguard the social character and cultural fabric of these communities, preserving their uniqueness while developing at a pace that prevents disruptive changes that could negatively impact the host experience.

### Recommendations

#### Modernise the Regulatory Framework:

- ✦ Update the Malta Travel & Tourism Act to reflect new realities concerning the industry, accommodation trends and niche segments. Changes would relate to definitions, roles and entities, new niche segments, and the use of technology, amongst others.
- ✦ Restructure current licensing regime to reflect new accommodation concepts and quality standards that match target clientele.
- ✦ The Strategic Plan for Environment and Development (SPED), published in 2015, which was due for revision in 2020, remains outdated and misaligned with Malta's present tourism realities. SPED is the foundation of spatial planning, and without its timely revision, inconsistencies between planning policies and tourism regulations will persist. The Malta

Chamber calls for the urgent revision of SPED to align with tourism, planning, environmental and mobility objectives.

#### Manage Supply, Safeguard Quality & Protect Communities:

##### A. Collective Accommodation Supply Management

- ✦ The Planning Authority should ensure that data on development applications, including those currently in progress and those at proposal stage, is made easily accessible and publicly available in a structured and user-friendly format. Improved accessibility would enable stakeholders, including investors, advisors, credit institutions and capital market operators, to better assess market dynamics and anticipate future trends.
- ✦ The Malta Chamber supports the Government's initiative to revise tourism accommodation regulations to address oversupply risks, in line with the original Rediscover strategy that called for a review of new applications, including a possible moratorium until the situation is assessed. While proposed government regulations introduce locality-based bed limits, key details remain unclear – who will set these limits, on what basis, and using which methodology. Such limits must avoid arbitrary street-level 'in' or 'out' zones, which would distort property values, create uncertainty for operators, and lead to inconsistent interpretation. Any locality limits should rely on transparent,

measurable criteria, published in advance, and applied consistently.

- 🔥 Bed stock management should be based on objective indicators such as infrastructure capacity, waste management, and mobility networks within the context of a revised SPED. A capacity calibration, underpinned by transparent data, is essential to guide decisions on locality saturation, Short-Term Rentals (STR) density, and future hotel development. Without this framework, Malta risks repeating past patterns of overdevelopment and unbalanced growth.
- 🔥 Members strongly support the removal of the two extra floors policy, which has shifted from a supply-side tool to a speculative mechanism.
- 🔥 Building on the removal of speculative incentives, hotel support schemes, such as those offered by Malta Enterprise (e.g., INVEST 2024), should also be reviewed to avoid fuelling oversupply. Incentives should instead focus support on projects that promote sustainability goals or those that offer something unique and authentic that fill gaps in the market.
- 🔥 Enhance and tighten enforcement of standards in collective accommodation to avoid any continued deterioration in said standards, particularly in conditions of an increased bed stock since this may lead to price dumping and a subsequent drop in standards which will harm the general image of the destination.

#### **B. Regulate Short-Term Rentals to Restore Balance & Protect Communities**

As Malta continues to experience rapid growth in STRs, particularly in high-density tourist areas, new challenges have emerged around noise, waste management, and enforcement. Reflecting its position in the consultation on the draft legal notice regarding tourism accommodation regulations, The Malta Chamber calls for a targeted regulatory and operational framework to address these issues, improve coordination among enforcement entities, and ensure STRs contribute positively to the tourism ecosystem. Measures could include:

- 🔥 Enforce the licensing process while ensuring efficiency in issuance - it transpires that a number of properties continue to operate without a license. Properties found renting to tourists without a licence should face penalties.
- 🔥 Tackle the grey areas in short-term and long-term rental classifications to ensure clarity and compliance. Stakeholder feedback showed that some properties are licensed for both, and owners switch from long-term to short-term when it pays them to do so.
- 🔥 Strengthen enforcement to ensure compliance with MTA standards. This requires improved coordination between MTA as the licencing authority, enforcement units such as police and LESA, and local councils through co-operation, integrated systems, real-time data access, and legislative updates that enable on-the-spot enforcement. Linked to this measure:
  - 🔥 Mandate monthly data sharing by platforms (e.g. Airbnb, Booking.com) with local councils to enable real-time monitoring of rental activity.



- ✦ Enforce all STR hosts to register with local authorities and display a registration number on listings to enable traceability and enforcement.
  - ✦ Ensure hosts or their operators are reachable 24/7 during guest stays and responsible for resolving complaints within a set timeframe.
  - ✦ Introduce spot fines for disturbances. If guests fail to pay, hosts become liable. Hosts should be encouraged to collect deposits to cover potential fines. Non-payment should result in license revocation.
  - ✦ Automatically fine hosts of properties with frequent disturbances or repeated violations. Repeated offences should lead to revocation of licence.
- ✦ Introduce waste management measures, which could include the following options:
- ✦ Require all hosts, existing and new, to include method statement for rubbish collection as part of the licence approval / renewal process.
  - ✦ Require hosts of high-turnover STRs to contract private waste collection services aligned with guest departure schedules.
  - ✦ Introduce STR-specific waste management fees or license surcharges to fund enhanced waste services in high-density areas.
  - ✦ Make hosts liable for waste left outside their properties on incorrect collection days, with fines for repeat offences.
  - ✦ For new STR licenses, require buildings to include a designated garbage room to avoid spillage in the streets.

#### C. Use of Tax Tools to Rebalance Supply

- ✦ Tax instruments can be used to influence market decisions in order to rebalance supply within the short-term rental market. The objective is to adjust financial incentives so that short-term rentals are not consistently more attractive than long-term rentals from a purely financial perspective. At present, the income differential between short-term and long-term letting often favours short-term use, encouraging property owners to prioritise higher yield, short duration stays. Carefully calibrated tax measures can narrow this gap, encouraging a greater share of properties to remain in, or return to, the long-term rental market, while preserving the availability of short-term accommodation necessary to support this tourism product.
1. Remove or Restrict the Final Withholding Tax (FWT) Option for STRs
    - ✦ Income derived from STRs is currently eligible for taxation under the FWT at a flat rate of 15%. Although this regime does not allow deductions for expenses such as maintenance or loan interest, it often results in a relatively low effective tax burden for operators generating short-term rental income. This treatment increases net returns from short-term letting when compared to other accommodation offerings and reinforces its financial attractiveness relative to long-term leasing. Excluding short-term rental income from the FWT regime would reduce this advantage by aligning tax liability

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more closely with actual income levels. In practice, this would narrow the post tax income gap between short-term and long-term rentals, making long-term leasing a more competitive option, while also improving consistency with the tax treatment applied to traditional accommodation providers operating under the standard income tax system and associated compliance obligations.

#### 2. Introduce a Tiered Tax Rate Based on STR Activity

🔥 A tiered tax approach linked to the intensity of short-term rental activity would further support this rebalancing. Properties rented out on a short-term basis beyond a defined threshold of nights per year, for example 90 nights, could be subject to progressively higher tax rates, reflecting their effective operation as commercial accommodation. This structure recognises the distinction between occasional or supplementary short-term letting and sustained, profit driven activity. By increasing the tax burden as short-term rental use intensifies, this measure would reduce the financial incentive to operate residential properties primarily as short-term accommodation, without penalising limited or seasonal use that continues to support tourism demand.

#### 3. Limit Tax Deductions for STR-Related Expenses

🔥 The relative profitability of short-term rentals is further enhanced by

the ability to deduct certain property related expenses in the tax return. Restricting or disallowing deductions for costs such as loan interest, depreciation, and notional maintenance in respect of short-term rental properties would reduce net returns from this activity. This adjustment would not prevent short-term rentals from operating, but it would reduce their tax driven advantage over long-term rentals. In doing so, it would encourage property owners to reassess the balance between higher short-term income and the greater stability and predictability associated with long-term rentals.

## Pillar 1: Improving the Customer Journey

### Ancillary Sectoral Infrastructure

Supporting infrastructure beyond core accommodation and attractions is critical to elevating Malta's tourism offering. This includes facilities for MICE, sports and adventure tourism, diving, and other niche segments. Investments in these areas will diversify Malta's tourism product, improve visitor satisfaction, and strengthen competitiveness.

### Recommendations

✦ **MICE:** Support industry with more and better infrastructure and facilities for conferences and exhibitions. A permanent convention centre / expo remains critical to the development of a fully-fledged MICE segment. Additionally, enhance the end-to-end delegate experience through streamlined services covering arrival, mobility, information access, and incentive delivery, supported by coordinated public-private engagement. These services and incentives should be clear, accessible, and consistently available to all Destination Management Companies (DMCs) to enable effective promotion.

✦ **Adventure and sports:** Invest in infrastructure to support the growth of adventure and sports tourism niches, addressing the current shortfall in sports facilities despite recent expansion in venues. In particular:

- ✦ Develop smaller multipurpose pavilions to enhance local sports needs; at the same time allowing for better utilisation of existing facilities for international events.
- ✦ Establish a dedicated high-performance centre to advance sports development.
- ✦ Maintain current sports infrastructure, directly or indirectly through financial assistance to sport entities managing such infrastructure.
- ✦ **Diving:** Safeguard marine environments and continue supporting the diving sector which remains an important niche segment of the Malta tourism offering by:
  - ✦ Increasing marine protection to safeguard sea quality from pollution and the effects of marine activities such as overfishing, all of which continue to have a negative impact on the local diving sector.
  - ✦ Consider developing a second, and possibly a third, marine park, in addition to the one already established in Ċirkewwa, ensuring strict protection measures. Clear governance must be established to eliminate the current oversight gap over who should be enforcing the fishing ban within these parks.
  - ✦ Introducing carrying capacity limits for boats in popular bays and install ecological moorings managed by Transport Malta to protect the seabed and improve mooring organization.
  - ✦ Maintaining and upgrading shore dive access sites, including dedicated parking, shaded areas, and toilet

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facilities at main diving sites like Ċirkewwa and Wied iż-Żurrieq to improve the experience for divers.

- ✦ Establishing a medical room at Ċirkewwa to ensure timely emergency response for diving incidents. Additionally, train first-aid personnel, such as Red Cross, stationed in Mellieħa to handle diving-related emergencies, as current protocols exclude such scenarios.
- ✦ Resolving access restrictions to key dive sites like the WWI wreck near Lazareth (Manoel Island), where vehicle access is currently blocked. This is critical during northwest winds when multiple operators converge in the area.
- ✦ Protecting the harbour in St. Paul's Bay, known as Sirens, from displacement by cruise boat moorings, as this area is vital for diving training; its use is currently being compromised.
- ✦ Expediting approvals for new wrecks, to enhance Malta's diving product.
- ✦ Addressing the regulatory void of unlicensed boat users, where tourists can rent motorboats or jet skis without a licence, posing threats to divers, as well as swimmers. Safety checks, such as verifying sobriety, must be enforced prior to rental to prevent accidents.
- ✦ Addressing the regulatory gap on the insurance and licensing requirements that should be in place for diving schools providing freediving instruction.

#### ✦ Tourist Guides:

- ✦ To address the growing demand for specialised tourist guides, who continue to play a key role in Malta's tourism experience, The Malta Chamber supports the Federated Association of Travel & Tourism Agents (FATTA) proposals to:
  - ✦ Introduce a tiered course system offering multiple qualification levels, allowing guides to operate legally in specific sites after completing targeted modules rather than the full MQF Level 5 course. Add-on modules should cover specialised topics such as local history, cultural practices, the film industry, and contemporary Malta.
  - ✦ Automatically recognise relevant academic qualifications (e.g. history, archaeology) to exempt candidates from certain exams. Create tailored induction programs for professionals from related fields, such as teachers (in Summer) and artists, to transition into guiding.
  - ✦ Remove certain licensing requirements, including the need to have licensed guides in specific contexts and the requirement of a separate license for each language spoken by a guide.
  - ✦ Introduce the role of Tour Manager within the legal framework, to support closed groups and private tours that require general guidance rather than professional interpretation.

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- Assess how emerging technologies, such as AI, can assist tourist guides by providing features such as translation services, ultimately enhancing the overall tourist experience.

- Reduce the maximum vehicle age for Rent-a-Car services, currently at 15 years, to improve quality in alignment with Malta's tourism goal.

#### Transport:

- To enhance the efficiency and quality of transport services in tourism, the following measures are recommended:
  - Introduce designated loading/unloading bays and coach pick-up/drop-off zones in key tourism areas to reduce congestion and improve service flow.
  - Balance school transport and tourism mobility, recognising that the sector's viability is currently dependent on student transport volumes. A coordinated approach is needed to ensure both segments are sustainably served.
  - Extend the "courtesy car" model, currently available to hotels, to DMCs and tourism operators who exclusively serve the tourism sector. This would allow them to register and operate courtesy vehicles for airport transfers and guest transport without being subject to the same restrictions as Y-plate vehicles. To support this, a dedicated licensing category for tourism-only transport services should be introduced, ensuring operational flexibility while maintaining regulatory oversight.

#### General measures on ancillary infrastructure:

- Extend opening hours at key attractions during peak summer and enable online pre-bookings with flexible pricing based on demand. Additionally, consider offering premium options like priority entry at higher prices. This dynamic pricing model helps better manage visitor flows, reduce queues, and enhance the overall tourist experience.
- To attract high-value tourists, Malta must offer premium retail experiences. Transforming key retail areas like Republic Street into luxury shopping zones, by incentivising global mono-brand stores, can elevate the visitor experience. Temporary government support, such as reduced rents or tax incentives, may be needed to launch this ecosystem. Once established, market demand is expected to sustain growth, similar to the success of 5-star developments in St George's Bay during the 1990s.

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## Pillar 2: Encouraging Authentic & Unique Experiences

This pillar aims to strengthen Malta's identity as a destination that offers authentic, culturally rich, and distinctive experiences. It focuses on preserving natural and cultural assets, promoting local talent, and diversifying tourism through niche segments and year-round offerings. By doing so, Malta can differentiate itself from competing destinations and deliver value beyond volume.



## Pillar 2: Encouraging Authentic & Unique Experiences

### Culture & Identity

Malta's cultural heritage and natural landscapes are central to its tourism appeal. Protecting these assets and fostering local creativity will ensure that the destination remains unique and true to its identity, while enhancing the visitor experience.

### Recommendations

- Stop any development from further undermining Malta's natural and cultural assets, as well as halt any further encroachment of ODZ land.
- Protect Malta's visual aesthetic and townscapes that are unique to the Maltese islands and the only means to continue providing a genuine visitor experience. To ensure the island's distinctive features are maintained, an aesthetic and landscape policy that establishes a requirement of design according to context is vital, such that the finishings and facades of properties would take aesthetics fully into account.
- Build better support for local talent within the arts and culture sector to develop Malta's identity through more homegrown projects, highlighting Malta's authentic identity, heritage and contemporary history. Funding provided by the Malta Arts Council and Malta Enterprise, both of which should prioritise this area as an economic sector, is essential to developing the industry. The creative industry and the tourism industry complement each other, enhancing the overall Malta product. To

this end, we support the 2025 budget recommendations by the Malta Entertainment Industry and Arts Association (MEIA):

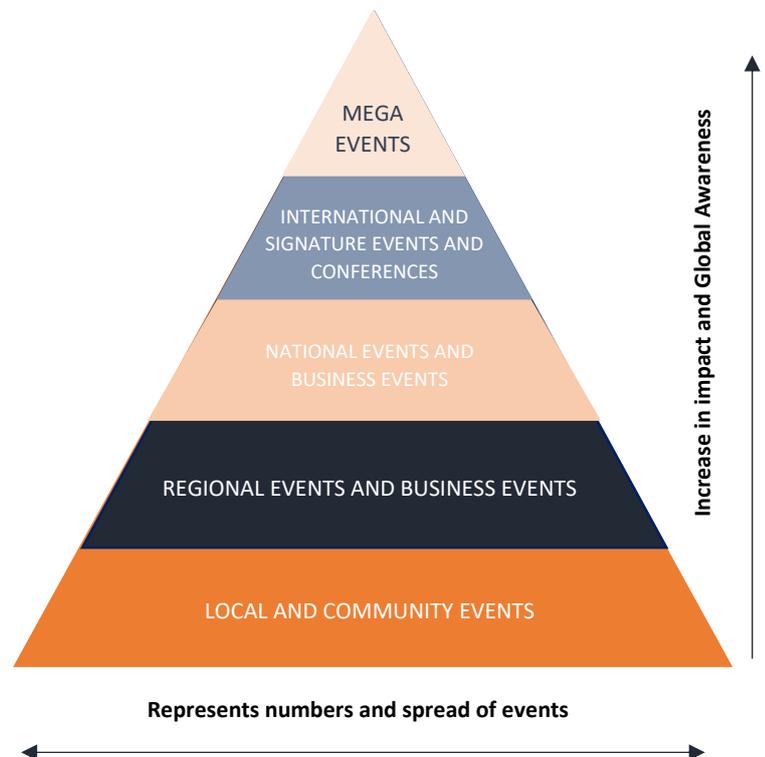
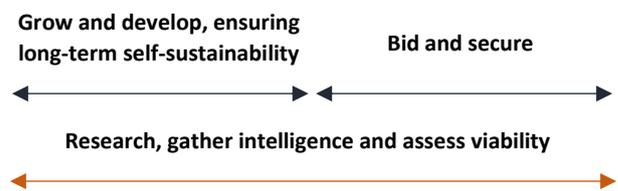
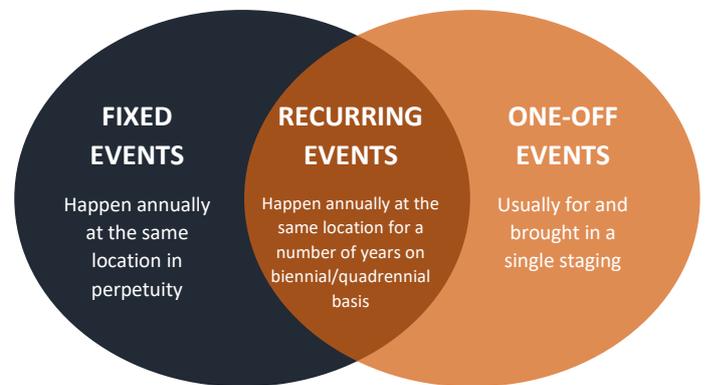
- To increase funding distribution for the Arts Council Malta to enhance critical programs like the Screen Support Fund and the Arts Support Scheme, ensuring better support for local talent and projects.
- To revise the 7.5% tax incentive, by removing caps on tax-deductible contributions to cultural projects and expanding eligibility for tax benefits to a broader range of creative professionals.
- The Malta Chamber's proposed strategy for promoting culture and identity, classifies events and festivals into three categories, differentiated by scale, sector and frequency. This approach enables the targeted identification and support of both large and small-scale initiatives, events spanning music, sport, and culture, and activities that may be fixed annual fixtures, recurring programmes or one-off flagship events. Ministry of Tourism and/or MTA support should only be considered as a form of seed funding, guided by the following underlying principles:
  - Measuring and reporting the impacts of events, both positive and negative, is fundamental to the success of this strategy and a critical area for future planning.
  - For recurring events, a detailed and transparent three-year support plan ought to be prepared in order to roll over this seed money towards new original events. Events that do not

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mature after three years should no longer be supported and released funds should be directed towards new and/or other events/activities.

- ▮ Events need to be planned and promoted early to give enough lead time to generate interest from abroad.
  
- ▮ Retain the current strategy of having a varied calendar of events and festivals and focus on unique and more varied events that sustain the sector and are true to the local identity. As illustrated below, this essentially comprises a carefully curated mix of free and paid events of various types and categories offered across Malta and Gozo throughout the year. Crucially, MTA's role should remain as an enabler and facilitator of events, and should withdraw from being itself a promoter of free events which compete with the private sector.
  
- ▮ Explore opportunities for loaning more exhibits from museums abroad to boost the local museum scene. This will create new experiences for tourists and locals alike, while drawing more visitors to museums where they can then discover the permanent collections housed there.
  
- ▮ Promoting exhibitions of Maltese artifacts in museums abroad will also raise awareness of Malta and its tourism offering. The MTA should collaborate with Heritage Malta to support more such initiatives.



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## Pillar 2: Encouraging Authentic & Unique Experiences

Innovation' enabler, digital tools could also help in this process.

### Valorisation of Tourism

Tourism must be valued as a key contributor to Malta's economy and identity. This requires elevating hospitality careers, fostering civic pride, and ensuring that locals remain integral to the tourism experience.

### Recommendations

- 🔗 Improve the overall quality of the tourism education segment and instil a sense of pride when pursuing a career in hospitality. Locals must feel that it is a career worthy for the Maltese since they are very much an integral part of the authentic Malta offering and the service delivered to tourists. This can also be supported by ongoing campaigns in secondary and post-secondary schools to promote careers in tourism.
- 🔗 Develop a national education campaign highlighting our civic responsibilities to keep Malta clean, to be courteous, kind and helpful towards others. These qualities need to be rekindled since they are tied to Malta's long-standing tradition for being very hospitable as a country, an attribute that is under pressure as we increasingly become more cosmopolitan.
- 🔗 Provide better information to tourists, particularly those staying in private accommodation located in villages, to respect the law, village life and local communities. The message is to encourage tourists to experience authentic village life by being aware of customs and traditions. As proposed under the 'Digital and

## Pillar 2: Encouraging Authentic & Unique Experiences

### Niche & All-Year Tourism

Continuing to diversify Malta's tourism offering through niche segments and extending seasonality will reduce dependence on peak months and attract higher-value visitors.

### Recommendations

- » Incentivise the development of wellness and holistic medicine tourism, agribusiness, arts tourism and gastronomy niches, while exploring innovative channels and marketing approaches beyond traditional methods. Such incentives could include:
  - » Tax Credits and grants for businesses investing in wellness facilities, agritourism experiences, and culinary tourism.
  - » Farm-to-table development grants for farms that provide visitor experiences and culinary tours.
  - » VAT reductions on agritourism stays and gastronomy packages during shoulder seasons.
  - » Training subsidies for staff in wellness, gastronomy, and cultural tourism.
  - » Co-funded marketing campaigns utilising digital channels to promote niche experiences beyond traditional advertising.
- » Increase promotion for the MICE segment which is known to generate higher than average tourist spend and tourism in the shoulder months. DMCs are MTAs extended marketing and sales network, and they should be supported in their sales endeavours. Increased promotion could include:
  - » Performance-based rebates for DMCs that secure events during off-peak periods.
  - » Digital marketing support for campaigns aimed at corporate planners and associations.
- » Develop a greater focus on unique selling points during mild winters, such as shore dives and the utilisation of sun and sea for sporting events, which could extend seasonality into the shoulder months.
- » Consider online visa processing for ELT students and staff, as well as MICE and leisure groups in countries where Malta does not have a consular presence.
- » Modify the work and study visa to decrease processing time, making it available to students sooner rather than after 12 weeks of study. The delay restricts students' ability to work, which renders Malta less competitive when compared to other ELT destinations, such as Ireland. It also creates downstream issues for hospitality, retail and other sectors that employ these students. From ELT's perspective:
  - » Shortening the processing time would align Malta with competitor countries, enhancing its appeal as a study destination.
  - » Providing earlier access to the work / study visa facilitates legal employment and helps address acute labour shortages across various economic sectors locally.
  - » It would ultimately enable students with limited disposable income to

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stay longer in Malta, not just for studying but for living and spending, thereby improving their overall experience.

- ✦ Promote Gozo as a digital nomad destination.
- ✦ Transform the ITS Gozo campus into a specialized vocational tourism institute offering unique, Gozo-specific courses not available in Malta. This would position Gozo as an educational tourism hub, by attracting international students through ITS's satellite campuses, currently operating in Shanghai and Jordan, with more planned. By hosting exchange programs locally, Gozo as an education hub could benefit from increased tourism through student and family visits, similar to the impact seen with the Barts Medical School.

## Pillar 2: Encouraging authentic & Unique Experiences

### Food, Drink & Entertainment

Malta's culinary scene remains essential to creating memorable visitor experiences, with authentic food culture forming a core part of the island's tourism appeal. At the same time, the entertainment sector continues to play a role in diversifying what the destination offers. Updating regulatory frameworks and curating quality experiences across both areas will further enhance overall visitor satisfaction and authenticity.

### Recommendations

- » To ensure quality, accountability, and sustainable growth in Malta's catering sector, it is recommended to urgently update the regulatory framework governing catering licenses, which has remained largely unchanged since the 1990s. Key recommendations include:
  - » Introduce due diligence requirements prior to the issuance of new licenses to ensure operators meet minimum standards of professionalism and service quality.
  - » Establish clear criteria and enforcement mechanisms to efficiently manage the supply of licensed establishments.
  - » Align licensing processes with current industry realities, including changing consumer expectations regarding experience and authenticity, sustainability objectives, and workforce capabilities.
- » Create curated food and drink trails across Malta and Gozo that highlight local producers, traditional recipes, and seasonal ingredients, in line with Malta's recently launched national strategy on food systems. These should be promoted by the MTA and integrated into tour operator itineraries.
- » Create a dedicated food court showcasing traditional Maltese cuisine, inspired by successful models like *Mercado de San Miguel* in Madrid or *La Boqueria* in Barcelona. This venue would bring together local chefs, producers, and artisans under one roof, offering visitors a curated experience of Malta's culinary heritage, from street food and seasonal dishes to regional specialties.
- » Improve stakeholder communication (e.g. set up a dedicated unit) to coordinate the night economy across stakeholders, balancing entertainment, safety, transport and traffic management, and resident wellbeing.
- » Improve collaboration between cultural venues (e.g. theatres) and key heritage sites (e.g. St. John's Co-Cathedral) to enhance programming and resource sharing. Strengthen advance marketing for cultural events to avoid overlapping events in the cultural calendar, attract foreign visitors, and facilitate trip planning well ahead of time, particularly during the shoulder months.

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## Pillar 3: Building Our Capabilities

This pillar addresses the foundational elements required to sustain Malta's tourism sector over the long term. It focuses on governance, institutional alignment, organizational resilience, human capital development, and business support. These capabilities are essential to ensure that the sector remains competitive, adaptable, and prepared for future challenges.



## Pillar 3: Building our Capabilities

### Governance & Institutions

Strong governance and institutional coordination are critical to implementing the tourism strategy effectively. This enabler emphasizes regulatory enforcement, inter-agency collaboration, and strategic oversight to ensure coherence and accountability across the sector.

### Recommendations

- ✦ Strengthen MTA's role as an enabler in the industry through a proportionate and selective allocation of funds for the support of events all year-round, in line with framework proposed under the 'Culture and Identity' enabler.
- ✦ Strengthen MTA's role as a regulator which enforces licensing standards and promotes best practices. For instance, set up a dedicated unit at MTA to carry out more inspections of licences (including collective & STR accommodation). The current practice of self-regulation, especially in sensitive sectors such as diving, is too high-risk.
- ✦ Foster greater communication across the different entities within the public sector, as well as between the public and private sectors, especially when organising cultural, larger MICE groups, and international sporting events; this will ensure a closer alignment of a strategy for the industry based on collaboration rather than competition. Linked to this point:
  - ✦ Ensure more centralised oversight and quality control by integrating resources and having a more holistic development of the product over time, based on an overarching strategy which promotes quality and sustainability.
  - ✦ Review current governance frameworks to clarify roles and responsibilities in key functions (e.g. MTA and the Foundation for Tourism Zones, Cleansing Department and Local Councils) and ensure coherence and consistency across all public sector entities active in the tourism sector.
  - ✦ Set-up an inter-ministerial function at OPM to establish effective liaison between all ministries with a direct or indirect role in tourism, including the tourism, education, culture, home affairs, planning, environment and Gozo portfolios.
  - ✦ Establish the appropriate legal framework and governance structure to grant the Lands Authority comprehensive oversight of Malta's fortifications. This should ensure that the Authority is adequately empowered and resourced to audit the extent, condition, and use of these assets, while safeguarding their maintenance and the preservation of their historical significance.
- ✦ The culture portfolio, which also comprises national heritage, and the tourism portfolio should be reconsolidated under a single ministry. If this is not to be taken on board, then efforts should be made to improve alignment between the Ministry for Tourism, MTA and the Ministry of Culture, not only in terms of cultural

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promotion but also on aligning funding priorities.

- 🔸 Reinforce Malta's reputation for safety. This can be done through the following:
  - 🔸 Strengthen general policing and law enforcement to address rising concerns around rowdiness, public drinking, and drink-driving, particularly in busy tourist areas and neighbouring communities. Maintaining Malta's image as a safe destination is essential to its long-term tourism appeal.
  - 🔸 Introduce enabling legislation to allow for the issuance of spot fines for tourism-related infractions, such as public disorder, noise disturbances, illegal waste disposal, and unlicensed operations.
  - 🔸 Ensure integration with licensing and data systems to enable real-time access to operator and host information, allowing enforcement officers to identify responsible parties and issue fines efficiently.

## Pillar 3: Building our Capabilities

### Organisational Excellence, Resilience & Transformation

Tourism operators need tools and frameworks to build resilience against external shocks and continuously improve service quality. This enabler promotes market intelligence, liquidity buffers, and skills development to future-proof the industry.

#### Recommendations

- Continue supporting market intelligence initiatives undertaken by operators in order to drive niche segments to start collecting own intelligence on market performance, trends and outlook.
- Malta should position itself as a leading sustainable cruise destination by leveraging green practices to attract premium and adventure cruise lines while boosting the local economy. With new-generation cruise operators increasingly adopting eco-friendly standards and ship-to-shore readiness, Malta's energy grid investments at the Valletta Cruise Port already align with global sustainability benchmarks. Additionally, the earlier proposal outlined in this strategy document to transform Senglea Wharf into a boutique cruise quay can further strengthen Malta's green credentials by incorporating infrastructure that supports sustainability measures across the entire cruise line value chain, including not only port facilities but also transportation and excursions that can shift towards eco-friendly practices.

During the pandemic, operators struggled to refund deposits and meet obligations due to cash shortages. Wage supplements and emergency loans were essential to avoid collapse. Yet Malta's tourism sector remains structurally vulnerable to external shocks and lacks tools to self-capitalise. Therefore, to incentivise operators to build internal liquidity buffers and reinvest, reducing reliance on government bailouts in future crises, it is being recommended to:

- Establish a Tourism Resilience and Reinvestment Reserve (TRRR) mechanism, allowing tourism operators to allocate up to 20% of their annual pre-tax profits into a dedicated reserve on a tax-deferred basis. Funds held in the reserve must be utilised within three years, either for eligible reinvestment or to support business continuity during periods of crisis, such as refunding prepaid bookings or safeguarding cash flow. Where funds are used in accordance with these objectives, the retained profits would be taxed at a reduced rate of 15%. Any amounts remaining unused after the three-year period would instead be subject to the standard corporate tax rate of 35%.
- The implementation of the skills pass, which was a key recommendation in The Malta Chamber 2021 tourism strategy, marked an important step towards professionalising the industry. However, its scope remains too general and does not adequately cover the entire tourism value chain. To date, efforts have focused almost

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exclusively on the hospitality sector, overlooking critical sub-sectors that are essential to a thriving tourism ecosystem. To address this gap, it is recommended to:

- ✦ Develop a Tourism Skills Framework that is industry-led, built around micro-credentials and designed to support clear career pathways for roles such as:
  - ✦ Tour operators and destination management coordinators – who plan, coordinate and deliver multi-day experiences for foreign guests
  - ✦ Sales and product managers – who package, price, and promote Malta to global distribution partners and OTAs.
  - ✦ Digital marketing specialists – focused on audience targeting, social media, and e-commerce in tourism.
  - ✦ Tourism transport and logistics personnel – managing movement of travellers and groups, including cruise and aviation coordination
  - ✦ Specialist experience providers – e.g. outdoor activity leaders, event hosts.
  - ✦ Compliance and sustainability officers – ensuring environmental, safety, and licensing standards.
- ✦ The skills pass should also be extended beyond hospitality and tourism to encompass all industries, including transport providers, with a focus on establishing national occupational standards that are both generic and cross-sectoral. This expansion would help promote professionalism across the wider

economy, as well as reduce the migration of certain employees from tourism and catering to other sectors where the skills pass is not required.

- ✦ Develop free introductory courses about Malta and hospitality which can be provided to individuals taking up employment in the industry, as well as supporting services, such as taxi and ride hailing drivers and other frontline transport personnel. These will include a basic knowledge of Malta and its attractions while highlighting the role of all workers as ambassadors for Malta.
- ✦ Greater emphasis should be placed on the learning of additional foreign languages to enhance Malta's international competitiveness and visitor engagement. The education system must continue to safeguard and strengthen Malta's bilingual foundations, ensuring sustained proficiency in both Maltese and English. At the same time, the standard of English locally should be further improved to preserve the full immersion experience of tourists interacting with local communities.
- ✦ Introduce licensing for niche professionals, e.g. wedding planners, possibly through the introduction of a Tourism Operator licence with sub-specialities to regulate the niche segments. This has to be carried out within the wider proposed revision of the Tourism Services Act.

## Pillar 3: Building our Capabilities

### Business Support

Business support measures should encourage sustainability, digital transformation, and fiscal fairness across the tourism ecosystem. This enabler focuses on incentives, VAT harmonization, and targeted schemes to address seasonality and competitiveness.

### Recommendations

- ▮ Beyond digital transformation support, which is covered under “Digital and Innovation”, continue offering green incentives, such as subsidy schemes and tax benefits, to Maltese tourism operators, particularly hotels and accommodation providers. These incentives should encourage investment in energy-efficient and water-saving technologies, especially during renovation and upgrades.
- ▮ To accelerate the transition to sustainable transport within the tourism sector, it is proposed to:
  - ▮ Expand EV charging infrastructure in tourist hotspots and hotel zones to support the viability of EV rentals. Without this infrastructure it will be difficult to incentivise car rental companies in Malta to invest in EVs.
  - ▮ Provide targeted incentives or co-financing schemes to encourage car hire companies to invest in EV fleets.
  - ▮ Ensure that infrastructure planning aligns with tourism mobility needs, reducing reliance on conventional vehicles and supporting Malta's environmental goals.
- ▮ Address VAT-related distortions in tourism. Malta's current VAT structure creates inconsistencies across tourism sub-sectors: Accommodation (7%), Yachting (12%) and Tours, Experiences, and Transport (18%). To reduce intra-sector disparities and simplify the fiscal framework, it is recommended to harmonise VAT across all tourism-related services, including accommodation and restaurants. For other tourism products or services that are VAT-exempt, such as tuition in the ELT sector, this exemption should be maintained.
- ▮ The continued sale of ready-to-eat food at a 0% VAT rate by supermarkets, despite this being contrary to existing VAT regulations, has created a significant competitive imbalance for Malta's catering establishments. Dining out is not intended to be VAT-exempt; rather, the distortion arises from insufficient enforcement that allows certain operators to apply incorrect VAT rates. Strengthening compliance, monitoring and enforcement in this area is essential to ensure a level playing field across the food service sector.
- ▮ DMCs offering MICE services are subject to the Tour Operator Margin Scheme (TOMS), which imposes certain limitations. Specifically, DMCs cannot apply the reverse charge mechanism and must charge 18% VAT to foreign clients, who are then unable to reclaim this VAT. This situation is creating a competitive disadvantage for DMCs and distorts pricing in the MICE market, particularly in comparison to jurisdictions like Spain and Portugal, which already exempt MICE

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#### Aligning Malta's Tourism Strategy



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services from TOMS. Therefore, it is recommended to:

- Update guidance stating that MICE, when not bundled with flights, should not be classified as “travel services” and thus fall outside the scope of TOMS, allowing DMCs to apply general VAT regulations.

## Pillar 3: Building our Capabilities

### Human Capital

Human capital is the backbone of the tourism sector. This enabler addresses workforce retention, skills development, and streamlined processes for attracting talent, ensuring Malta remains competitive in a global labour market.

### Recommendations

- ✦ Stop unnecessary public sector employment immediately. This is not only unsustainable from a public finances perspective, but it is also draining local talent from the tourism sector which could cripple the whole operational structure of the industry.
- ✦ Furthermore, conduct a comprehensive review of job roles and responsibilities within all government ministries, entities and departments. This will identify areas of duplication, streamline processes and eliminate unnecessary bureaucratic layers to improve efficiency and reduce costs. An independent audit study needs to be commissioned for this and, through incentive programmes encourage surplus personnel to be seconded to the private sector. A job with government cannot continue to be perceived as a cushy job for life.
- ✦ Review sectoral working conditions, specifically the Work Regulation Order, as well as wage structures to make it more attractive for people to join and remain in the local tourism sector. This is particularly imperative given improving working conditions in other key local economic sectors and in tourism sectors abroad.
- ✦ Consider the equivalence of overtime and part-time for tax purposes, by harmonising the applicable tax rate.
- ✦ Offer fiscal incentives to non-accommodation operators to provide paid internships and apprentice opportunities.
- ✦ Implement practical traineeship and vocational training funded programs in the tourism sector for early school leavers to boost their skills and employability.
- ✦ Simplify work permit process for non-European nationals applying to work in the industry, particularly in niche areas such as skilled diving instructors. Consider introducing a sponsored temporary work permit, which is subject to becoming permanent upon receipt and processing of all required documents.
- ✦ Launch a program targeting former workers in the tourism sector who have moved to other sectors with the aim of attracting them to return to the industry; this should be based on an initial study into the drivers for the long-standing churn that has characterised the sector, including the use of tracer studies where appropriate.
- ✦ Launch a strong and sustained publicity campaign in collaboration with the MTA, ITS and the University of Malta to promote tourism and hospitality as a viable profession and a career, similar to what had been done for the film industry.

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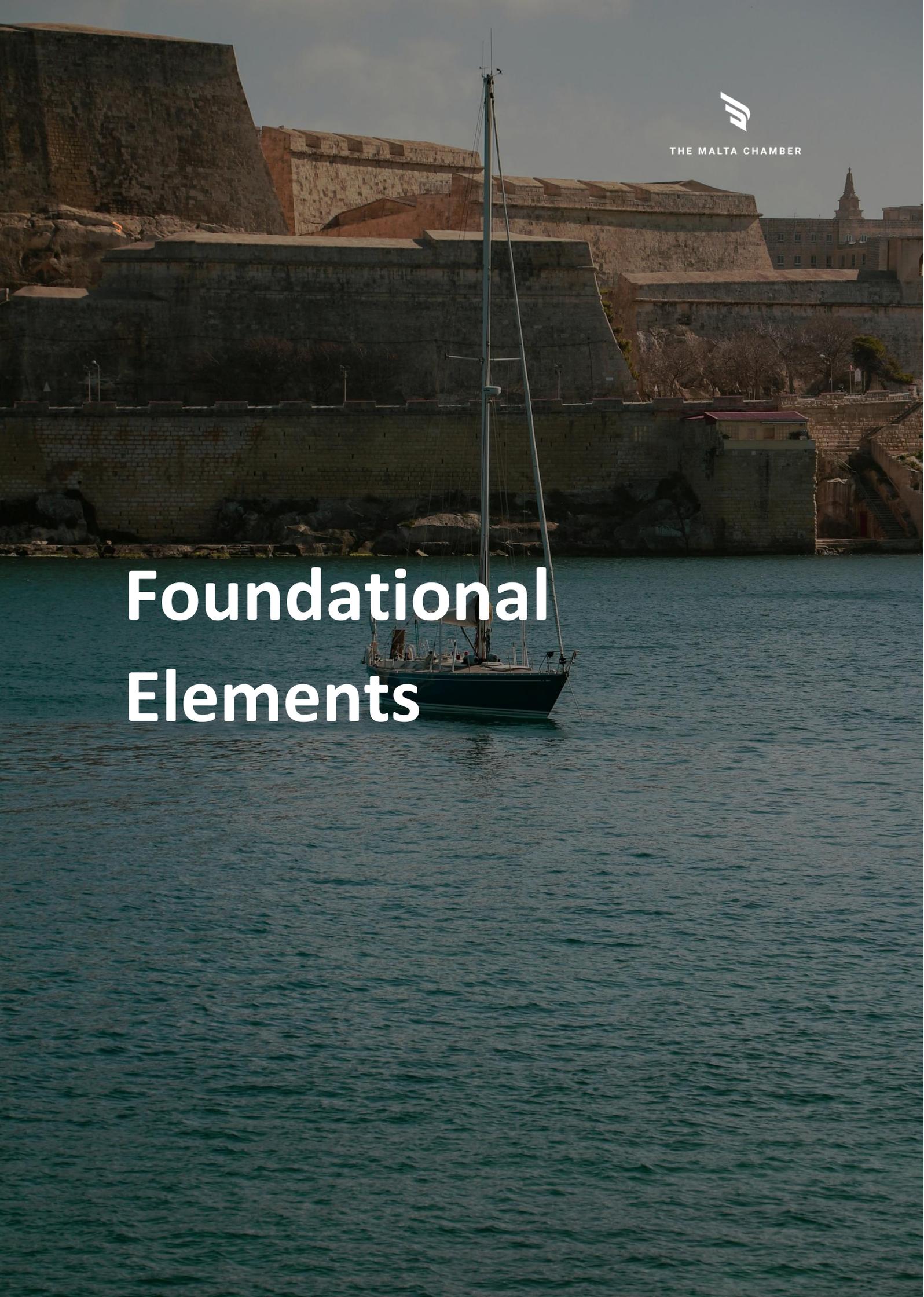
- ✦ To maximise the impact of the Malta skills pass, a dedicated portal should be established to enable local employers to match available job openings with foreigners who apply and successfully get their Malta skill pass. This system must be designed in full compliance with GDPR regulations to ensure data privacy and protection. Currently foreign recipients of the skills pass appear to be using it to apply for jobs in other countries rather than relocating to Malta. This represents a missed opportunity to attract qualified, skills-ready individuals to support Malta's workforce needs.
- ✦ To support better workforce planning and policy development, it is recommended to conduct targeted research on Malta skills pass applicants and their intentions. This would help establish whether certified individuals are seeking employment in Malta or using the certification to pursue opportunities elsewhere.
- ✦ The establishment of an ITS campus in Shanghai and an alliance with the Aqaba University of Technology in Jordan, is a positive and strategic development. It reinforces Malta's position on the global tourism map by exporting our expertise in hospitality and tourism training. These campuses also open the door for student exchange programmes, where international students can visit Malta for hands-on training, generating tourism in the process. Moreover, this initiative creates opportunities for Malta to offer apprenticeships to these students, some of whom may choose to remain and contribute to addressing local skills shortages. This should be supported by a robust retention strategy to encourage

some of these students to stay beyond their training period.



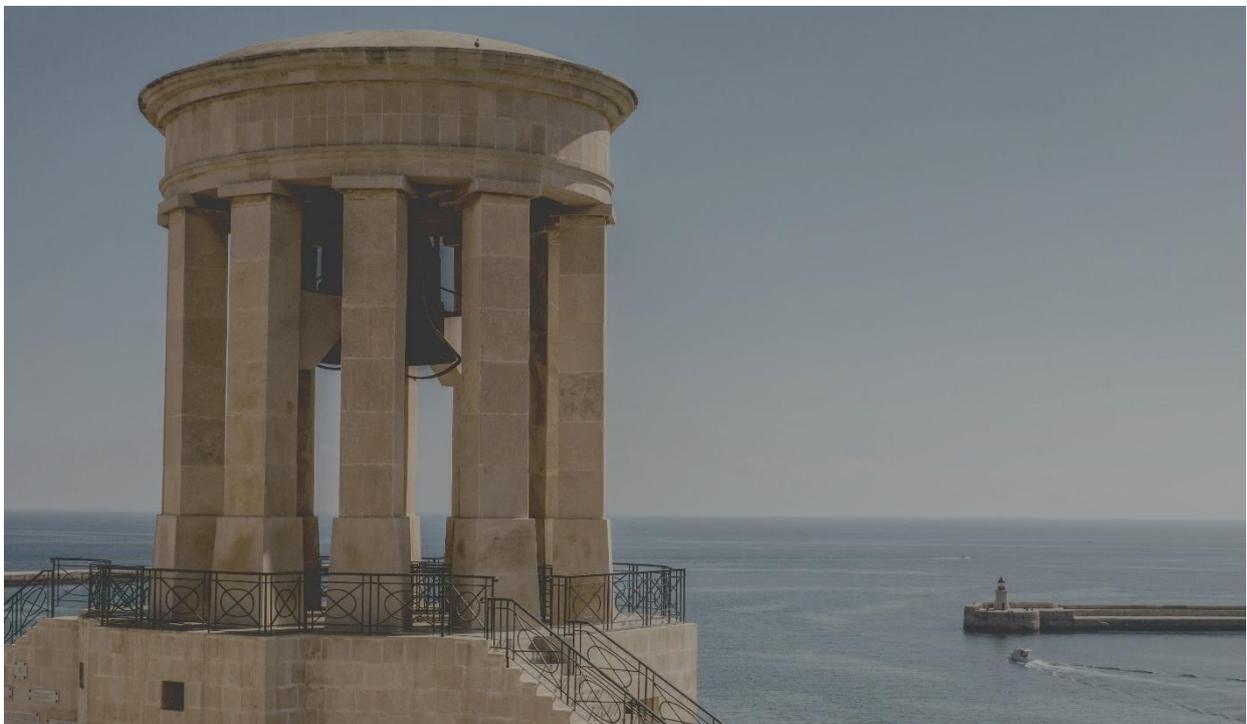
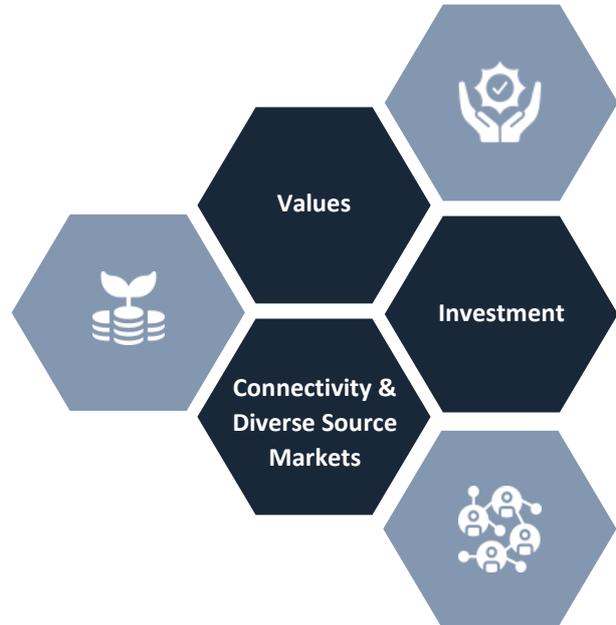
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# Foundational Elements



## Foundational Elements

A clear strategy is a key ingredient for successful economic and entrepreneurial initiatives. The proposed strategy for the local tourism industry is grounded to the following main foundational elements.



## Foundational Elements

### Values | Consultation, Accountability, Efficiency and Sustainability

Tourism is multi-faceted, involving diverse stakeholders and serving as a critical pillar of Malta's economy. It is the main source of income for many businesses and families, making clear principles and values essential to guide behaviour and decision-making. Principles precede goals, they define what is valid, ethical, and reasonable, and serve as benchmarks for evaluating practices and shaping reforms. Articulating shared values fosters consensus and provides direction for the industry. The following **values** and **principles** are central to the industry:



#### Consultation

Inclusive policymaking through stakeholder engagement is vital for a sector that impacts the wider economy and society. Tourism intersects with multiple domains, making consultation a cross-cutting value.



#### Accountability

In a context where government programmes and funding play an important enabling role, decisions must be tracked, measured and analysed to ensure effectiveness, alignment with objectives and maintain trust.



#### Efficiency

Limited resources and talent pools, especially in small island states, demand efficient use of public funds and resourcing, and sound fiscal policies to sustain growth and stability.



#### Sustainability

Sustainability is both a goal and a guiding ethic, meeting present needs without compromising future generations, while improving quality of life and conserving environmental diversity. It also involves ensuring that current wins can be sustained over the long-term. If an approach yields only short-term gains, it cannot be considered sustainable.



## Foundational Elements

### Values | Consultation, Accountability, Efficiency and Sustainability

#### Strategic direction:

These four values ultimately translate into a strategy. A strategy that must be firmly anchored in our national identity, an identity shaped by values passed down through generations. We are a proud people who cherish hard work, entrepreneurial spirit, a zest for life, and a deep sense of community and hospitality. However, the economic success achieved in recent years may have shifted our focus away from these core values, giving rise to a more individualistic and, at times, indifferent society.

In recent years, and particularly in the not-so-distant past, the main narrative focused on volume. Only more recently that there seems to be a growing shift in focus towards value, rather than volume alone.

As we continue to build on our achievements, it is essential that we ground both our economic and social progress in the values that truly define us as Maltese. At this juncture, a national conversation on our cultural identity is not only timely but necessary. Preserving this identity enhances our appeal to visitors, and we should avoid imitating other cultures, instead celebrating what is authentically ours.

## Foundational Elements

### Investment

Tourism relies heavily on the quality and resilience of national infrastructure, from transport and mobility systems to utilities, digital networks, cultural sites, and the wider public realm. In recent years, government has invested significantly in these areas, supported by European funding. Ongoing upgrades in energy distribution, water management, road networks, ferry infrastructure, and heritage restoration continue to contribute to Malta's attractiveness as a destination.

However, rising visitor numbers and increasing tourism intensity are creating pressure on the country's infrastructure. To sustain competitiveness, Malta requires a long-term, diversified investment programme that not only delivers new infrastructure but also ensures the systematic maintenance of existing assets. As niche tourism sectors such as MICE, sports, ELT, wellness, and diving evolve, dedicated infrastructure requirements, such as event spaces, coastal facilities, digital tools, and mobility solutions, must be identified and prioritised.

Sustainability remains one of the sector's most urgent challenges. With global demand shifting towards greener, more responsible tourism, Malta must accelerate investment in low-carbon mobility, energy-efficient accommodation, improved waste management systems, and resource-efficient tourism facilities. Addressing these challenges requires a further and better coordinated national approach across transport, environment, planning, agriculture, innovation, education, and tourism

authorities, supported by strong collaboration with industry stakeholders.

Opportunities for investment include low-emission transport options, circular economy initiatives in hotels and restaurants, water-saving and energy-efficient systems, digital visitor-management tools, and sustainability technologies such as Room Energy Management Systems (REMS), renewable energy integration, and green certification schemes for tourism operators.

## Foundational Elements

### Investment

#### Strategic directions:

- » The St. Julian's–Sliema–Gżira promenade, which stretches along several tourist hotspots, is in urgent need of reinvestment. The last major upgrade was carried out in the 1990s. A modernisation initiative is essential to enhance visitor experience, support local businesses, and maintain Malta's appeal as a high-quality destination. In certain sections, the current design appears to prioritise vehicle access over pedestrian comfort. Future projects should aim to improve residents' quality of life by placing pedestrian priority at the core, ensuring minimal encroachment on the promenade's public space.
- » Embark on a long-term visual pollution initiative to promote an "Aesthetic Malta" by eliminating visual pollution, starting with tourist zones and expanding nationwide. Focus on **five key pillars**:
  - » Outdoor signage and street furniture – promoting consistency, quality, and decluttering.
  - » Pollution control and mature tree planting – improving air quality, urban greening and providing shade.
  - » Sustainable land use and protection – preserving open spaces and natural landscapes.
  - » Architectural standards – encouraging design harmony and contextual development.
  - » Undergrounding electricity and telecom cables – especially in Urban Conservation Areas, to reduce overhead clutter and preserve heritage aesthetics.
- » To improve upkeep and reduce fragmentation in maintenance tasks, each locality should appoint a Locality Manager with a dedicated team. This team would carry out daily rounds to address soft infrastructure issues—such as pavement repairs, vegetation removal, and upkeep of street furniture. The Locality Manager would coordinate with relevant departments and escalate issues as needed. This proactive setup ensures faster response, greater accountability, and a consistent standard across all localities.
- » Gozo remains a unique selling point of Malta's tourism offering and must retain its distinctive character. To support this, a dedicated marketing strategy for Gozo should be complemented by targeted infrastructure improvements, in alignment with Government's recent announcement to upgrade the Gozo Channel fleet and improve connectivity between the two islands:
  - » Maintain the four-ferry service, but progressively replace vessels with hybrid, eco-friendly models to align with sustainability goals.
  - » Continue enhancing the fast ferry shuttle, ensuring reliable and environmentally responsible connectivity.
  - » Support a dedicated cargo vessel from southern Malta to free up vehicle space on passenger ferries.
  - » Address congestion at Mgarr Port by exploring alternative berthing options for yachts or expanding port

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### Foundational Elements



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capacity and improving access routes beyond the main Mġarr road.

- ✦ Develop the Gozo airfield to reduce travel time between Malta and Gozo and unlock new tourism and employment opportunities, including future connectivity beyond Malta (e.g. Sicily) and drone operations.
- ✦ Intensify the regeneration of Valletta and inner harbour area to serve a more quality experience, particularly in terms of better infrastructure and accessibility, and given that the area has a number of historical elements that could serve as tourist attractions.
- ✦ Expedite the relocation of ITS from Luqa to Smart City. Advancing this move will enable the institute to accommodate a larger student population, diversify its course portfolio, and enhance campus amenities.
- ✦ Develop initiatives and projects directed towards improving mobility and transport infrastructure. Reassess the current public transport system, including the introduction of more direct and faster routes, complemented by a regional circular minibus service, including services to industrial estates to cater for night-time and early morning shifts.
- ✦ Introduce dedicated waste drop-off points or mini eco-centres in high-traffic tourist areas to improve cleanliness and sustainability, considering underground bins where feasible.
- ✦ Upgrade cleaning programs with an emphasis on regular street cleaning and washing. Use IoT to be notified when bins are full and need emptying and then use

the data to analyse which area may need more frequent cleaning and address accordingly. Explore emerging technologies including drones for waste detection and collection, as well as self-cleaning toilets to enhance hygiene and better human resourcing in public spaces.

## Foundational Elements

### Connectivity & Diversified Source Markets

Malta's tourism performance is closely tied to the strength of its air connectivity. As an island nation, the quality, frequency, and diversity of its routes directly influence the country's ability to attract visitors, support new tourism segments, and ensure year-round demand. In recent years, Malta has rebuilt its international links at a rapid pace, with passenger movements surpassing 8 million in 2024, exceeding pre-pandemic levels.

This expanded connectivity has played a central role in reshaping Malta's tourism industry. Traditional source countries such as the United Kingdom, Italy, France, and Germany continue to drive demand, but the growth trajectory is increasingly driven by greater diversification. Enhanced links with Central and Eastern European cities have opened Malta to fast-growing markets such as Poland and Hungary, supported largely by the expansion of low-cost carriers. These markets have become crucial contributors to shoulder-season performance and help stabilise demand across the year.

At the same time, stronger connections to major hubs, through KM Malta Airlines and partner carriers, have supported gradual growth from non-EU markets. While smaller in absolute volume, these markets are strategically important for higher-value segments such as MICE, ELT, culture, and long-haul leisure travel.

The interplay between connectivity and market diversification provides Malta with a more resilient tourism base. A broader

geographical spread reduces dependence on a handful of countries, improves the ability to absorb economic or sentiment shifts, and strengthens Malta's competitiveness in attracting new visitor types. Looking forward, sustaining this progress will require continued collaboration with airlines, an emphasis on winter and shoulder-season routes, and improved access to long-haul feeder hubs.

#### Strategic Direction:

- ✦ Manage Malta's business mix in route development by ensuring there is a role for a strong, commercially viable national carrier free from political influence whilst also continue to encourage other niche airlines, particularly outside Europe, to connect and operate to Malta. The strategy for connectivity should be one which:
  - ✦ Positions KM Malta Airlines at holding key city airports, with Low-Cost Carriers focused on regional airports, also ensuring that there are opportunities for legacy airlines like Air France, Emirates, Qatar, British Airways and Lufthansa, amongst others to serve strategic hubs.
  - ✦ Align route development and marketing support, by prioritizing winter and long-term commitments and expanding connectivity beyond Europe, particularly the USA and Asia.

A narrow, cobblestone street in a historic city, likely Valletta, Malta. The street is flanked by multi-story buildings with ornate balconies and windows. In the background, a large, prominent domed church with a cross on top is visible. The scene is captured in a warm, golden light, suggesting late afternoon or early morning. The text "Key Performance Indicators" is overlaid in white, bold font on the left side of the image.

# Key Performance Indicators

## Setting Key Performance Indicators

The successful implementation of the strategic recommendations in this report requires a clear set of Key Performance Indicators (KPIs) to track Malta's progress toward a more sustainable, competitive, and high-value tourism model. Globally, destinations are moving away from judging success by raw arrival numbers alone. Instead, a multi-dimensional performance approach is emerging, measuring a destination's capability, resilience, and long-term value creation. In other words, beyond counting tourists, countries are monitoring aspects like infrastructure quality, community well-being, environmental impact, and economic resilience to ensure tourism growth is responsible and sustained.

A useful benchmark for Malta's tourism transition is the **World Economic Forum's Travel & Tourism Development Index (TTDI)**. In the 2024 edition of the TTDI, Malta scored 4.3 out of 7 and ranked 34<sup>th</sup> out of 119 countries. Despite the strong recovery in tourist arrivals post-COVID, this places Malta in the mid-range among European destinations, trailing the top Western and Northern European tourism economies. This goes to show that tourist arrivals alone are not sufficient to gauge successful tourism development and performance. However, Malta's score reflects a modest improvement of +1.1% since 2019, allowing it to climb four places in the rankings (a partial post-pandemic recovery).

Malta's TTDI profile reveals *strengths* and *weaknesses* that shape its KPIs. The country excels in areas such as safety and security, cultural resources, and air connectivity

(international air transport links). These strengths indicate Malta benefits from a safe environment for travellers, rich cultural heritage, and good flight access. On the other hand, Malta shows notable gaps in digital readiness, environmental sustainability, and regulatory capacity. In practice, this means the digital infrastructure and online services for tourism can improve, sustainability practices (e.g. resource efficiency and environmental protections) need strengthening, and certain regulations or enforcement mechanisms may be underdeveloped.

These gaps highlight the need for a more structured performance-monitoring framework to ensure Malta remains competitive and achieves long-term tourism growth. In short, the TTDI results reinforce why broader KPIs are needed, to shore up the areas where Malta is lagging while maintaining its advantages.

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### Key Performance Indicators

Similar conclusions emerge from the **United Nations (UN) Tourism's** sustainable tourism measurement guidelines, which advocate a multidimensional set of indicators. UN Tourism (formerly named the United Nations World Tourism Organisation) emphasizes tracking metrics like tourism intensity (tourist density relative to locals or area), resource efficiency (e.g. water and energy use), environmental impact, and the relationship between tourism and community well-being. Malta has made progress in aligning with these priorities. Notably, the country established a Tourism Observatory to gather data, and it monitors visitor volumes at both national and local levels (helping understand tourism's geographic distribution). Malta is also beginning to integrate environmental metrics into its monitoring, for example, tracking tourism's water usage and energy consumption over time. These steps show Malta is aware of and acting on modern sustainable tourism practices.

Despite this progress, several critical components remain underdeveloped or inconsistently applied. For instance, there is no systematic assessment of resident sentiment toward tourism, the regular surveying of local communities to gauge their satisfaction or concerns. Similarly, the carbon emissions per tourist-night (a key climate impact metric) are not yet quantified on a routine basis. Malta also lacks consistent monitoring of tourism pressure in high-density localities (for example, Valletta or crowded attractions on peak days). These gaps make it difficult for Malta to fully capture tourism's broader impacts on society and the environment. Without data on resident attitudes, carbon footprint, or local overcrowding, policymakers may miss early warning signs or opportunities for

intervention. Filling these gaps in measurement will be important to translate data into targeted, evidence-based policies. In summary, Malta is partially aligned with UN Tourism's guidelines, the foundational pieces are there (observatory, basic metrics), but some key indicators (community, carbon, localized impacts) need to be added to Malta's KPI toolkit to obtain a complete picture of sustainable tourism performance.

The **Organisation for Economic Co-operation and Development (OECD)** provide another valuable lens through its tourism policy framework. This framework, described in OECD's *Tourism Trends and Policies* reports, outlines five core pillars for sustainable, inclusive tourism development: (1) effective governance and evidence-based decision-making; (2) destination stewardship and sustainable management; (3) strong labour conditions and workforce development; (4) inclusiveness and shared benefits for communities; (5) environmental sustainability and climate action. Malta's current trajectory shows progress in several of these areas, though with room for improvement in each:

- ▮ **Effective Governance & Data-Driven Decision-Making:** Continued investment in governance structures and data systems is essential to support evidence-based policymaking and cross-sector coordination.
- ▮ **Destination Stewardship & Overtourism Management:** Managing visitor flows and preserving natural and cultural assets should remain a priority, with mechanisms to monitor community sentiment and ensure balanced development.
- ▮ **Workforce Conditions & Development:** Building a skilled, resilient tourism

## Section 5

### Key Performance Indicators



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workforce is critical to improving service quality and addressing seasonal labour challenges.

- ▮ **Inclusiveness & Shared Benefits:** Tourism should deliver equitable benefits across regions and social groups, supported by accessibility initiatives and stronger community engagement in planning.
- ▮ **Environmental Sustainability & Climate Action:** Greater emphasis on measuring and reducing tourism's environmental footprint, including carbon emissions and resource use, will help align Malta with global climate goals.

Taken together, TTDI, UN Tourism, and OECD frameworks clearly highlight the types of indicators Malta needs to enhance in order to measure not only performance today but also the aspirations promoted in this strategic document that will secure competitiveness tomorrow. To this end, the KPIs proposed in this strategic document are designed in line with these global standards and tailored to Malta's realities, intended to complement the implementation of recommendations put forth for this renewed strategy. While not exhaustive, and with the possibility of additional KPIs being identified, particularly where data is already available, this framework provides the basis for further exploration and discussion. It ultimately facilitates systematic monitoring, improved transparency, and fosters a more comprehensive understanding of how Malta's tourism sector is evolving.



## Proposed Metrics

To ensure Malta's tourism sector evolves in a way that is sustainable, competitive, and delivers long-term value, it is essential to measure what truly matters. The following metrics have been selected to provide a comprehensive and actionable framework for monitoring progress. Each metric quantifies a critical aspect of the tourism industry, ranging from visitor value and experience, to sustainability, community well-being, and effective governance. Together, these indicators address both established priorities and areas previously underdeveloped in Malta's measurement approach, supporting evidence-based decision-making and continuous improvement.

- ▮ **Real Spend per Visitor:** Tracks inflation-adjusted expenditure per tourist, reflecting value-led growth.
- ▮ **Net Promoter Score (NPS):** Measures visitor satisfaction and likelihood to recommend Malta, supporting continuous improvement.
- ▮ **Repeat Visit Rate:** Percentage of visitors returning within a set period, indicating loyalty and satisfaction.
- ▮ **Share of Arrivals in Off-Peak Months (Q1 & Q4) compared to Peak Season (Q3):** Assesses progress in balancing tourism flows throughout the year.
- ▮ **Community Well-being Index:** Tracks social impacts in tourism hotspots, including housing affordability, quality of life, and social cohesion.
- ▮ **Localized Tourism Pressure:** Measurement of visitor density and impacts at high-traffic localities and attractions (e.g., Valletta, Sliema, St Julian's), enabling targeted management interventions.
- ▮ **Market Diversification Ratio:** Percentage of arrivals from non-traditional or emerging source markets.
- ▮ **Digital Adoption Rate in Tourism:** Percentage of tourism businesses offering online booking, digital ticketing, or integrated visitor tools.
- ▮ **Visitor Engagement with Digital Tools:** Usage rates of official tourism apps, digital guides, or real-time information services.
- ▮ **Short-Term Rental Compliance Rate:** Proportion of STRs operating with valid licenses and adhering to reporting requirements.
- ▮ **Accommodation Quality Index:** Aggregated guest review scores and certification uptake across collective and non-collective accommodation.
- ▮ **Occupancy and Revenue Metrics:** Average occupancy rates and Average Daily Rates (ADRs) for hotels, short-term rentals and guesthouses.
- ▮ **Sustainability Certification Uptake:** Percentage of tourism operators with recognized sustainability certifications.
- ▮ **Environmental Impact per Tourist Night:** Average water, energy, and waste generated per tourist night, with targets for reduction.
- ▮ **Average Carbon Emissions per Tourist-Night:** Quantifies the climate impact of

## Section 5

### Key Performance Indicators

tourism and aligns with global sustainability standards.

- ▮ **Inspection and Enforcement Rate, and Average Rectification Time:** Annual number of inspections and enforcement actions carried out per year, and the average time taken to address and rectify reported issues.
- ▮ **Policy Implementation Score:** Progress on implementing key strategic recommendations (tracked via a dashboard or scorecard).

Collectively, these metrics offer a robust foundation for tracking Malta's tourism performance and guiding strategic action. By regularly monitoring and transparently reporting on these indicators, Malta can better anticipate challenges, seize new opportunities, and ensure that tourism growth benefits all stakeholders alike. This approach will help position Malta as a leading example of responsible, high-value tourism in the Mediterranean and beyond.



## Conclusion

Malta's tourism industry is no longer defined by recovery, but by the responsibility that comes with sustained success. The progress achieved in recent years has reaffirmed Malta's position as a competitive Mediterranean destination, yet it has also highlighted the pressures, trade-offs, and systemic challenges that must now be addressed with clarity and coordination. This renewed strategic document therefore reflects a shift in priorities: from simply managing growth to managing success in a way that safeguards competitiveness, strengthens communities, and protects what makes Malta distinctive.

The recommendations outlined throughout this report point toward a single, unifying direction, an industry that competes on value, authenticity and experience, not volume alone. They call for alignment: across institutions, communities, operators, and policymakers; across planning and investment; across how Malta presents itself and how it chooses to grow.

Tourism will continue to be a vital part of Malta's economic and social fabric, but its future strength will depend on choices made now, how the country protects what is uniquely its own, how it manages the pressures of success, how it invests in its people, and how it nurtures the identity that differentiates Malta from everywhere else.

Ultimately, this strategy is a call for collective responsibility. Malta's tourism success has been hard-earned; its continuation will depend on the country's ability to protect its

strengths, address its vulnerabilities, and invest strategically in the foundations that will support long-term prosperity. The path forward is clear: to manage success in a way that serves both visitors and residents, ensuring that Malta remains a thriving destination and a high-quality place to call home.



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[www.maltachamber.org.mt](http://www.maltachamber.org.mt)

+356 22032000

The Malta Chamber of Commerce, Enterprise and  
Industry 64, Republic Street Valletta, VLT 1117