



## **MEDIA RELEASE**

### **MHRA on 50cents TAX - Tourism cannot sustain any further increases**

MHRA is surprised, to say the least, about government's announcement, that it will proceed with the introduction of the 50c tax per guest per night as of April this year, at a time when tourism is faced with uncertainty resulting from the announcement of a 50% plus rise in utility tariffs, which will most certainly precipitate further the problems the tourism industry is currently facing. MHRA president Mr. George Micallef reiterated, "not only does this tax discriminate against tourists staying in hotels and licensed accommodation, but we cannot understand how, government last year decided to postpone the introduction of this tax on the basis of the economic scenario affecting the industry then, and then decides to introduce it now, when the situation is not any better. In fact, MHRA is convinced that the situation will only worsen if government goes ahead with the increase in utility rates as announced, as the increases are too substantial, and are simply unsustainable."

MHRA strongly disagrees with the Minister of Finance's choice of words when he says that government subsidises tourism by €33,000,000. This is not a subsidy at all as money spent on tourism is an investment which reaps substantial returns for government, and is certainly not a subsidy to industry. After all it is not only hotels that gain from tourism revenues but the whole country. Suffice it to say that despite the fact that 2009 was one of the worst years in tourism, it is calculated that government will earn €115,000,000 from tourism activity alone, not including other earnings generated through the multiplier effect. MHRA calls on government to seriously evaluate the adverse effect these increases are having and will continue to have on the tourism industry, and appeals to government to review its position, before it is too late!

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**Tuesday 5<sup>th</sup> January 2010**

#### **About MHRA**

The MHRA has been established since 1958 and today represents 70% of all hotels in Malta and 35% of all restaurants, collectively representing an investment of over Euros 1.1 billion and employing in excess of 20,000 people. For the past 50 years the MHRA has represented the interest of hoteliers and restaurateurs on the Island acting as a lobby group to ensure that the policy decisions taken on the Island are in line with what the tourism industry needs to flourish. For more information about the MHRA visit [www.mhra.org.mt](http://www.mhra.org.mt) or call (356) 21 318133. The MHRA is also a member of HOTREC and an Associate member of World Tourism Organisation