



## **MEDIA RELEASE**

### **MHRA rubbishes claims that hotel prices have risen**

The MHRA categorically challenges the findings announced by the Harmonised Index of Consumer Prices issued last Friday, in which the hotel industry is shown as having increased its prices by 11.7 points. Based on our own internal figures and information, these statistics are both erroneous and misleading and appear to be generated by the methodology begun used by NSO in its calculation of the whole Consumer Price Index, which is resulting in the provision of wrong information to the general public.

Unfortunately this is far from being the first time that MHRA is at loggerheads with the NSO. On many past occasions MHRA has strongly questioned the methodology employed by the NSO in calculating figures pertaining to the tourism industry.

One such recent occurrence concerned the NSO Tourstat report, which indicated that the guest night statistics for the month of February had increased by 2.7% over February of last year, while MHRA's internal statistics showed a year on year drop of around 14% for the same period. NSO subsequently pointed out that the Tourstat report was compiled from an ad hoc survey conducted by NSO staff at the airport upon visitors' departure and admitted that the Accomstat report did show more reliable statistics. The MHRA pointed out that this huge margin of error was unacceptable as it resulted in a variance of major proportions which ultimately leads to incorrect statements being made by politicians as well as the wrong decisions being taken by people in authority who depend on the accuracy of such statistics.

Similarly, during a recent meeting called by MHRA with NSO regarding pricing statistics collated for the restaurant sector, it resulted that the national harmonised price index for the entire restaurant sector was based on the survey of only seven restaurants out of approximately 1500 catering establishments throughout Malta and Gozo! MHRA was assured that this highly lacking situation will be looked into, since it was obvious that surveying such a small number of units cannot be expected to produce proper indications which are truly representative of the entire sector. These simple and basic flaws in such an important national survey seriously questions the competence of the NSO.

The MHRA has up to date information from its members on the results for the first quarter of this year, which so far are extremely concerning. In reality, irrespective of what the NSO is portraying, or trying to portray, arrivals in hotels between November 2008 and March 2009 are down by 18.5%, while guest nights are down by 14%. Room rates are down by between 20% and 50%, depending on the category of hotel in question.

These disastrous results are having a major effect on employment with a drop of 11% in full time jobs in five star properties, 6% in four star properties and 10% in three star properties. Over and above these there has been a loss of in excess of 25% of part time equivalent jobs, as well as a considerable loss of jobs from the restaurant sector.

The prevailing international economic crises and the effect this is having on the local hotel and restaurant industry is not to be underestimated and the MHRA warns that there could be some very serious casualties if the situation does not somehow make a quick turn-around.

MHRA is working very closely with the Ministry of Tourism, MTA, airlines and the MIA in order to try and find palliatives to the current situation in the shortest possible time. It is however very concerned that these efforts are undermined by senseless data issued by the NSO which portray a completely inaccurate picture.

The NSO has the responsibility of providing the public with accurate data based on sound methodologies. This has not been the case in the tourism industry, one of the major pillars of our economy which employs several tens of thousands of employees. This situation must change radically and MHRA welcomes Dr Gonzi's call for an investigation into the methodology used by NSO.

MHRA looks forward to a thorough review on the way figures are obtained and reported since it is critically important that statistics issued are accurate and credible.

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**Monday 18<sup>th</sup> May 2009**

### **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.