



MEDIA RELEASE

MHRA Budget Proposals: Remaining Competitive, Retaining Accessibility!

The MHRA's budget proposals are primarily aimed at ensuring that Malta remains competitive, and that accessibility and airline seat capacity is maintained and further developed next year. These two factors are fundamental for the sustainability of the tourism industry, as the industry and indeed the economy, cannot afford a drop in occupied bed nights or tourism expenditure.

Rising costs and lower profitability have been a major concern for the hotels and restaurateurs in recent years, and the MHRA has purposely conducted an economic impact report that clearly demonstrates this pattern. The report also shows that Malta has the lowest levels of profitability amongst competing destinations. The MHRA is proposing that no government induced costs are further introduced in the forthcoming budget, as the industry cannot continue to absorb further increases. Profitability is not only necessary for the very survival of the businesses but also for further investment in the tourism product, which is vital if we are to compete successfully.

MHRA is stressing the importance of extended support to airlines to maintain accessibility and possibly increase seat capacity as well as new routes. This is becoming increasingly critical, given that Airmalta may be constrained to scale down or cancel its operations from established routes next year, and one should not underestimate the far reaching implications of such decisions. The same applies to the funding and support given to MTA, as the need for increased presence in the market continues to grow with the introduction of new routes and stiffer competition.

The MHRA recognises that the process of on going discussions with the EU affecting the future of Air Malta is a delicate one, however it continues to emphasise the need that the main stakeholders are kept abreast of decisions taken, in order that measures to mitigate any adverse affects are put in place at the earliest stage. This may also require a contingency fund provision in next year's budget.

The MHRA has also made other proposals, amongst which, is calling upon government to tackle the problem of unlicensed operators particularly in the accommodation sector so as to bring to book all those that get away with not paying licences, permits, VAT, taxes, etc, whilst competing unfairly with the rest of the law-abiding operators in the industry. This will also help boost revenue for government.

The MHRA is also urging government to find alternate ways to provide grants to finance green technology investment schemes for the hospitality industry, as per agreement reached last March, to mitigate the impact of the rise in the utility rates, which will help restore some of the lost cost-competitiveness.

The most influencing choices for tourists in choosing their destination is the environment. Although in recent years a number of initiatives have been taken to improve the environment, MHRA is proposing that the necessary funds are made available to step-up basic matters, such as the general cleanliness, upkeep and aesthetic control, particularly in highly visited areas. The MHRA also expects that the projects in the main tourism zones which have repeatedly been promised over the years, amongst other smaller but highly visible projects, will commence next year.

The MHRA has been discussing with government the proposed “bed” levy for some time now and is reiterating its position that this cannot be introduced in a manner which discriminates against the hotel sector or in a way that risks having to be paid by the accommodation providers, as this will further erode Malta’s competitiveness.

The MHRA has been realistic in its proposals and warns that if any of the budget measures undermine Malta’s competitiveness or accessibility to the islands, then the entire tourism industry will be put in jeopardy.

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Wednesday, October 20, 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 52 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 or call (356) 21 318133. The MHRA is also a member of HOTREC and an Affiliate member of World Tourism Organisation