



MALTA HOTELS  
& RESTAURANTS  
ASSOCIATION

### **MHRA CALLS FOR TOURISM ACTION PLAN**

During the Malta Hotel and Restaurants Association quarterly presentation of the BOV MHRA Survey 2011 Q3 prepared by Deloitte, it was revealed that after a positive period of sustained growth, guest-night generation in Q3 of this year fell marginally below the levels registered in 2010. MHRA remarked that whilst it is particularly encouraging to note that key markets such as UK, Germany and France all continued to register sustained growth it is disappointing to see Italy, which had become our 'star performer', decline by 15% and virtually wipe out the gains registered from the other markets. The survey also reveals that the average achieved room rates have continued to improve at an encouraging pace but total accommodation revenue in 2011 remains below the levels registered in 2007/8. Non-accommodation income has continued to decline across all hotel sectors as hotels continue to lose out in food and beverage sales to other operators, thus probably witnessing a shift in consumer patterns. MHRA stated that the survey results confirm that hoteliers would appear to have ably contained payroll and other 'manageable' costs, however had to sustain substantial increases in energy and other induced costs over which they have no control. As a result of subdued revenue and higher operating costs, the results for the first nine months of 2011 show that gross operating profits in 2011 remain below the levels reached in 2007 and 2008 in each of the 3 main hotel categories. Mr Tony Zahra, MHRA President stated that "The significance of this situation is even more relevant when one considers that the profitability levels registered at that time were already a far cry from what one could call a fair and sustainable return on investment for hoteliers. All of us wish that this was different but wishing is not going to change the facts." The MHRA believes that the situation remains very delicate and that with future prospects becoming more uncertain, it is critical that stakeholders continue to work avoid any unsustainable shocks to an already highly volatile industry. While referring to the key challenges that the tourism industry is currently facing, including the 11% drop in seat capacity and an increasingly sluggish market conditions across the main tourism markets for Malta, Mr Zahra stated that this situation makes it even more important that we resolve the restructuring of our national airline and put it on a sound footing, sooner not later. Mr Zahra asserted that "We cannot stress enough the importance of sustaining seat capacity that gives us numbers which is the main factor that is keeping us moving forward, since rates cannot be improved due to high competition being offered by other destinations. We are up for tough challenges and we cannot afford to miss out on any opportunity, thus making it even more urgent to have a plan of action that sets clear targets for next year tourist arrivals."