

MHRA IN THE NEWS – SEPTEMBER 2009 – JANUARY 2010

September 2009

MHRA discusses Waste separation issues in Mellieha Hotels with GreenPak

MHRA CEO Mr George Schembri and Council member Noel Debono who represented the Restaurants committee met with Ing Mario Schembri and Mr Daniel Tabone from GreenPak to discuss the problems in introducing waste separation in Hotel in the Mellieha area. The waste collector in the area of Mellieha, Mr David Pace was not licensed neither equipped to be able to service the hotels in the area. However Mr Pace was not willing to allow another contractor to service the hotels should these start waste separation and neither to operate under the recommended schemes. Ing Mario Schembri explained that the system would favour the collector since the GreenDot will pay for the recyclable waste collect by the collector besides the organic waste. Hoteliers will not be billed for the extra trips that the collector will have to do to collect separated waste. The proposed government increase in tipping fees was to encourage waste separation since if establishments do separate waste they will be generating less waste which normally would be taken to the landfills. Daniel Tabone indicated that at least 4 bins are required by each hotel in order to start waste separation. GreenPak will assist hoteliers in training staff to maximise on waste separation. Following the success GreenPak had with waste separation at the catering establishments at VASET Valletta front, Mr Noel Debono suggest that GreenPak approached Grand Harbour Marina to discuss the possible adoption of a similar set-up on Birgu Front. Also it was agreed to set up a meeting with Reuben Buttigieg of Marsascala Business Association and to discuss the possibility of waste separation by establishments at Marsascala. Ing Schembri indicated that GreenDot was planning an activity towards the end of October. Seabed Clean up is held yearly and this year Ing Schembri expressed his desire to include a number of hotels diving schools and Scouts from different localities to assist. Mr Schembri and Mr Debono agreed to support the event and agreed to circulate the poster to promote participation in this activity.

MHRA at HOTREC meeting in London regarding Best Practices in Associations' Management and Fire Safety Charter

On the 14th September 2009 MHRA CEO Mr George Schembri participated at a meeting held in London by HOTREC. The purpose of the meeting was to exchange best practices about the management of Associations. This was to be followed with a progress discussion regarding the Fire Safety charter.

A number of presentations were done by various members of HOTREC from Portugal, The Netherlands, Switzerland, Austria, Sweden and UK about their experience in Association management. The CEO of the Portuguese Hotel Association based its approach on TTTs concept TOURISM THINK TANK - Enhance productivity, enhance competitiveness and enhance knowledge. Their main objective was the management of a Web-portal which incorporated Best Practice Forums including education and training. The web-portal also carried a library with news and Hotel's sector performance, served as job gate, and also displayed a Hotel Buyers index. Activities centred round these areas and there was on-going development of this portal to reach out to their membership

The Dutch association concentrated on CORE business issues such as lobbying on collective issues at local, regional, national and international level; operated a help desk to support members with their enterprises, and through its website listed advisors and lawyers who were willing to give special rates when assisting the association members. The Association also sought financial benefits for members such as fuel discounts, mobile phone rates, credit cards, exclusive insurance, free publication on Tom Tom, purchasing advantages. Besides membership fees the Association sought income from marketing fee per benefit, strategic alliances, special membership, sponsorship, profit sharing schemes, web-shop, secondary services such as lawyers and advisors, second line suppliers, courses,

workshops and training. The Swiss Association concentrate on a Funding model based on contribution financing, special contributions, price financing and third party financing. The Austrian Association operated under the umbrella of the Chamber of Commerce and its main aim was to do vocational training within the Tourism & Leisure industry and market intelligence. The Association promoted job opportunities for new entrants and developing existing employees in quality service and management. Market intelligence was achieved through on-line benchmarking tool for Hotel managers, Database of business and finance establishments, employees' satisfaction and salaries benchmarks. The Association also did business promotion through co-financing with the Ministry of Economic Affairs. The British Association basis its success on promoting regional committees to address respective issues and the Associations addresses these at National level. During the floor discussion several Associations gave further examples of their method of operations. In conclusion it was agreed to have such an exchange more regularly and to meet at least two a year to exchange ideas and best practices

More than an hour was spent after the Best Practices meeting in discussing the Fire Safety Charter. One of the executives within HOTREC made a presentation outlining the replies received by HOTREC from members regarding their thoughts on the Fire Safety Charter. Only 16 of which 2 were non EU Countries responded. 14 had answered YES to the first three questions put to them about the Charter but had some reservations with the remaining questions which were discussed at length. Malta had responded similarly and agreeing that the first three questions i.e. Signing of the charter, translate the charter into the official language of one's country and promote the charter with members association is fine was acceptable. However from question 4 onwards most members did not agree upon their contents since all sustained that an association is a voluntary organisation and impose and neither is the regulator on its members in the adoption of the services in the charter. Neither does the association have the means or expertise to monitor the compliance of the charter's contents by its members. HOTREC President indicated that since the first meeting and at every other subsequent meeting the Commission has added more and more conditions on HOTREC in the application of the charter. Most voiced their concern that if the question of self regulation was not a condition in the initial discussions with HOTREC than one can say that when HOTREC accepted to draft the Charter this wasn't a condition and the Commission will have to address the promotion and monitoring issue through other venue or venues. Eventually it was agreed that a decision will be taken during the GA in Barcelona. However most members agreed that definitely HOTREC and Association members cannot sign the charter unless the self-regulation request is dropped as a condition on the associations.

MHRA at HOTREC meeting in Brussels regarding Sectoral Social Dialogue Steering Committee meeting & Qualification Skills Passport

On the 16th September the Sectoral Dialogue Steering Committee met in preparation of the plenary meeting in December of HORECA. A report prepared by Colin C. Williams and Piet Renooy from Regioplan in the Netherlands was given out to participants about undeclared work/illegal working practices: The report highlighted the nature and extent of undeclared work in the EU27 states; policy approach in trying to tackling undeclared work; Policy approaches adopted in individual countries and 'good practice' evaluating the effectiveness of policy measures. In conclusions it was highlighted that undeclared work was not the same everywhere and therefore policy measure which are important in one country or region may be less effective in another, 'one size fits all; concept' was not appropriate for tackling undeclared work but measures will need to be tailored to fit the particular circumstance that prevail in different countries or regions. Most countries seem to adopt a narrow range of policy measures that are heavily embedded in a 'deterrence' approach which seek to increase the actual or perceived likelihood of detection and penalties. Many countries have used the more enabling approach and measures particularly preventive measures adopting an array of incentives both to prevent people from entering the undeclared sphere in the first place as well as help them make the transition to formalise their position. There was a lack of 'share experiences' so that countries learnt from others – no 'knowledge bank' was available that draw together countries to share measures that have to some extent succeeded in reducing undeclared work. Encourage social partners to develop a pool of knowledge to evaluate the feasibility and effectiveness of different policy approaches and measures, and explore their transferability to their countries.

HOTREC considered that the sectoral social partners should be consulted on all developments at Community level having social implications. HOTREC was of the opinion that the 6 week deadline for consultation on developments at Community level having social implications was too short and should be extended to 12 weeks. No progress was reported regarding Third Party Violence at the place of work. Same was reported regarding findings by the Committee of Experts on 'posting of workers; Further clarification was required on the examples of practices in this area to determine what measures were needed to ensure that workers were being well compensated when posted outside their country of origin but remain within EU borders. The meeting then discussed the economic crisis and the various measures taken at national/regional as well as at company level.

The meeting then progressed onto legislative developments in social matters. There were no fresh proposals regarding the working time directive. Discussion was still underway regarding integration policy of immigrants. Further developments in policy application regarding discrimination and sexual harassment at the place of work were expected in the coming months. While discussion on Work-life balance was still in progress since pregnancy leave had remained for 18weeks since the proposal to extend this to 20 weeks did not pass through.

In the afternoon the Qualifications Skills Passport Project within the SSD Sectorial Committee was discussed. A presentation was done by Dr Ferenc Kiss from the Hungarian Research institute who had won the project for the implementation of the European Qualifications and Skills Passport (QSP) in the Hospitality sector. Following the presentation a discussion ensued and the main contention was that the competences as appearing in the presentation were not acceptable and not in line with the project terms of reference. Interpretations on the various points were made by those attending and the Italian representative at one time said he did not want to support the project in the manner that was being presented. Eventual MHRA suggested to the chairman Ms Kerstin Howald that due to the various difference mentioned by the participants, it would be best to go through the presentation and strike off those competences which there was no agreement upon and perhaps Dr Kiss was to take on board other ideas. After going through the whole presentation and agreeing which competence were subjective and should not be incorporated in the QSP it was agreed that Dr Kiss revisit the whole concept. Ms Nuala McLoughlin from the Irish Hotel Federation proposed that she will send job descriptions to be considered by the committee and eventually if all agree to be taken on board by Dr Kiss. It was agreed that another meeting will be held on the 13 November in Brussels to register progress and discuss further the QSP project.

MHRA meets Mellieha Hotels at Maritime Antonine Hotel to introduce Waste Separation in Hotels

Greenpak Director explained his line of thought on the subject and all those present agreed to join the project and start waste separation. Selmun Hotel confirmed that they have been separating waste for a number of years and found the staff and guests very cooperative. It was agreed that GreenPak sets a date to start delivery skips and to assist and encourage establishments to start waste separation

MHRA at a meeting with MTA and FELTON re English Language Students

MHRA CEO Mr George Schembri represented MHRA on this meeting and highlighted that the Malta Standards Authority accredits English Language Schools on a European criteria a copy of which was tabled. Mr Schembri asked for a copy of the criteria adopted by FELTON when affiliating English Language Schools within its membership. FELTOM indicated that in Malta the education department licences school on the value of the courses content and does not take in consideration the administration of the schools. So eventually any decisions taken by the incumbent committee will need to be addressed to the Monitoring Board for English language schools within the Education department. The issues that were raised during the meeting were mainly regarding the need for students to be well informed about the laws and regulations governing behaviour in public areas (Community standards) and that students needed to carry identification on them at all times. A mechanism to

collect fines from students had to be identified as otherwise enforcement would not be so effective. Problems of sanitary services at St George's Bay during peak summer were discussed including the problems association with alcohol which was easily bought from bottle-shops. The problem of conflict with age since 16 year olds were allowed to enter clubs but cannot be served alcohol unless they were over 17 yrs of age. The Police said that this was very difficult to follow upon and needed clearer legislation.

Launch by Dr M DeMarco of pilot project in Town Centre management in three localities

MHRA was invited to a press launch of a pilot project regarding Town Centre Management in Tourism Zones by Parliamentary Secretary for Tourism Dr Mario DeMarco and Dr Chris Said. Present for the meeting were also Mayors of Valletta, St Julians and Marsalforn Gozo.

Dr Demarco explained that three areas will have a manager to coordinate initiatives with the stakeholders in the management of the area in a professional manner. Organisation will be asked to nominate a representative to sit on a committee to give their input to the Zone Manager. The stakeholders will be invited to attend workshops to understand the concept behind own centre Management The process is expected to take about eight months after which the actual implementation will start with consultation from the Association of Town Centre Management in London. The aim of the project was to add value by identifying and filling the gaps which did not fall within the remit of local councils. It was about enhancing and making the town centre more attractive to live and trade in and make the area more competitive. Dr DeMarco explained how, in the case of Valletta for example, the stakeholders included residents, shop-owners, shoppers, tourists, restaurant and cafe-owners and museums to name a few. Usually these entities took decisions in their own interest. However through the setting up of the management team, the stakeholders would get together in the interest of the locality. This did not affect the responsibilities of the local councils, he stressed.

OCTOBER 2009

MHRA at Malta Business Bureau Business Breakfast on Late Payment Directive

The event organised by the Malta Business Bureau regarding the late payments directive, brought to the fore an underlying issue which has been affecting the competitiveness of companies providing a service to government. Even though it is common knowledge that government is ranked as the worst payer for goods procured and services rendered, there seems to have never been a serious attempt at rectifying the situation for the benefit of companies that require a healthy cash flow to maintain their business concern. The EU proposal that payments are effected within a 30-day limit, with the aim of reducing the consequential problems that arise from late payments would be welcomed but very hard to be implemented. As explained during the proceedings, in most cases the worst defaulter was the state. According to a survey carried out by the Malta Business Bureau, only nine per cent of government dues were paid within three to four weeks. Nearly 30 per cent were paid up to two months later, another 30 per cent exceeded two months while 55 per cent of public-private transactions exceeded three months. On the other hand, most business to business transactions were settled within 30 days and none reached the 150-day period the government set by government. The most blatant example is the over-stretched credit limit that the pharmaceutical sector has been coerced into accepting. The arrears due amount to several millions and reducing the credit period from the current average of 222 days to 30 days would solve their liquidity problems overnight. To compound the liquidity problem further, government was refusing to accept factoring of pharmaceutical invoices. This has led to a situation that can hardly ever be resolved unless there is a goodwill gesture by government to settle their dues with pharmaceutical importers, and all other industries with outstanding invoices. This, however, is easier said than done, because the national finances are not in the best possible shape for a variety of reasons, including – although not exclusively – the global recession. The state of the national finances have become so dire that even government backbenchers are publicly voicing their concern,

as was the case earlier this week on national television. Prominent back benchers queried the raison d'être of national projects announced recently when put in the perspective of the current challenges facing government finances. The Piano project to rebuild the entrance to Valletta was a case in point. While in principle the project is grandiose and in other circumstances would have made a lot of sense, spending EUR80m on it at this moment in time is not the foremost priority. Using the budgeted EUR80m to reduce taxation and stimulate the economy would have been much more appropriate. The question was whether government was truly listening to the plight of businesses and citizens? The business community considered that Government was not at all aware of the plight of most business considering the insensitivity shown when energy charges were significantly increased last year, just as the country was on the brink of a recession. With hindsight, government did admit to using the wrong approach to significantly raise the cost of energy in a time of crisis. Yet, the measure compounded the problem many times over for businesses, and the public, and served to accelerate the recession. Despite all the rhetoric concerning the competitiveness of businesses, most businessmen considered that the political goodwill required is still lacking.

MHRA at Tourism Zones Committee meeting

MHRA together with representatives from the St Paul's Bay Bars & Restaurants Association, FELTOM, the Police and GRTU attended a meeting with Parliamentary Secretary for Tourism on issues which were of current importance to the tourism sector. Ms Isabelle Debattista brought up the subject of the setting up of a Tourism Police unit for proper enforcement and assistance to visitors to the islands. Other problems brought forward for discussion were problems associated with language students, the 2nd phase of the St George's project, lack of cleanliness and waste collection in key tourist areas, upgrading and embellishment Bugibba /Qawra area, lack of initiatives by St Paul's Local Council to attract more visitors to the area, a proper calendar of event for the promotion of international events, to put up more Tourist information offices in key areas, the proper enforcement at the Blue Lagoon and upgrading since the walk paths were nonexistent. Proper control of construction in the shoulder months and in having proper safe pathways and railings should be enforced. Life guards same as our beaches should be present daily especially on beaches which are dangerous for swimmers due to currents. Progress on Cirkewwa terminal embellishment was again raised together with interventions at Marfa key and lighting on Marfa ridge and road leading to Ramla Bay Resort Hotel.

MHRA meets Perm Sec at Minister of Finance to outline terms of reference for an impact report if a reduce VAT rate was adopted for restaurants

An MHRA delegation made up from Hoteliers and restaurateurs met with the permanent Secretary of the Ministry of Finance to discuss the terms of reference for the impact study to be carried out by the Minister if the adoption of a reduced VAT for restaurant was introduced.

MHRA organises Hotel Engineers meeting at Radisson Blu Resort Golden Sands

MHRA CEO Mr Schembri presided over a meeting held at Radisson Blu Golden Sands resort. The meeting commenced with a presentation by Robert Sullivan about the misting system supplied by his company to effectively cool air cooled air conditioning system and also open terrace. Ing Ray Vassallo suggested whether MHRA is able to facilitate the supply of legislation that are related to areas that normal fall under the responsibility of Hotel engineers. A discussion about the responsibilities that are shouldered by hotel engineers ensued during the meeting. Mr Schembri suggested that a list of areas that one would like to cover be drawn and MHRA will work on it and facilitate meetings with Authorities that are connected with such legislation to explain and update members on the relative issues. It was agreed to invite Dr Mark Gauci of OHSa to make a presentation about the health and safety aspects covered by OHSa relative to the hospitality industry. It was agreed that eventually

invite Chairpersons or representatives from MSA, MRA, MCA, MHD, Civil Protection Department and others that will be identified related to other areas which in one way or another touch Hotel Engineers.

MHRA at a meeting with Dr. M. DeMarco and operators of nightclubs in Paceville re noise pollution

MHRA was invited to attend a meeting called by Parliamentary Secretary for Tourism Dr Mario DeMarco regarding complaints of noise pollution in Paceville. Assistant Commissioner Neville Aquilina and Inspector Sharon Tanti together with Mayor Peter Bonello attended the meeting together with a good number of entertainment operators in Paceville area. Dr DeMarco indicated that the noise pollution level in the Paceville area was becoming of concern to the sector since it was creating more damage than good for the tourism industry. He indicated that he wanted the operators to control and come out with suggestions how to ensure that noise levels in the area are checked. Several operators voiced their difficulties and ideas how the issue can be improved. Dr DeMarco indicated that they needed to close all door at 01.00am and music must not be heard from outside. If need be establishments would need to install double doors so that noise do not spill out when opening doors. It was agreed that the operators meet and come out with suggestions on how the issue is going to be resolved in the interest of all stakeholders in the area.

MHRA at a meeting with the Green Committee regarding MTA ECO Certification for Hotels

MHRA attend a meeting called by the Chairperson of the Green Committee within the Malta Tourism Authority, Mr Frank Farrugia. Mr Farrugia holds the position of Director Quality Assurance within MTA. On the Green committee Mr Farrugia is assisted by John Magri, Quality Development Manager and Ms Gillian Zammit, Quality Development Executive. The Green Committee is made by with representatives from MHRA, Henriette Putzulu Caruana from Wasteserv and Adrian Mallia lead Auditor of the Eco-certification scheme. The meeting commence with a presentation by Mr Mallia about the present state of audits carried out in hotels. Frank Farrugia indicated that most of the Hotels audited did reach the criteria required by the Green committee. The major problem encountered when auditing establishments was the activity of getting rid of hazard waste since there was not in place the require public infrastructure to get rid of this waste. Many establishments were using private transport to civic sites to get rid of WEEE products, bulbs, florescent tubes etc. Mr Farrugia explained that the Malta Tourism Authority will be conducting a train the trainer course on waste management so that Hotels can have an in-house trainer to train staff in waste management. It was also agreed that a talk will be addressed to hotel engineers at the first opportunity on waste management and the obligations of hotels towards waste separation. Mr Farrugia indicated that presentation of awards will be held on Tuesday 27th October.

MHRA & GO sign sponsorship agreement



GO CEO Mr David Kay welcomed the renewal of their sponsorship of MHRA. Mr Kay expressed his delighted to be teaming up yet again with the MHRA and assist in keeping up with the changing dynamics of the industry while at the same time giving a helping hand with the sterling work and efforts targeting high standards and quality service in the tourist sector. GO prides itself in a long-standing relationship with MHRA and has on several occasions played an integral role in the Association's high profile events and activities for the benefit of the MHRA's members in particular and the Maltese business community at large.

Through the agreement MHRA members will get the opportunity to take advantage of GO's quad play services covering mobile, TV, phone and internet –and enjoy top quality service offered at the most affordable prices in the market.

The partnership agreement was signed by GO CEO, David Kay and by George Schembri, CEO MHRA. During the signing ceremony held at GO Head offices in Marsa, Mr Schembri thanked GO for agreeing to sign up once again as Platinum Partner of the MHRA. Mr Schembri expressed his satisfaction that the agreement opens the doors to a number of benefits including GO's high-powered communications services for the MHRA members and attractive special offers tailored to the specific needs of the business community. Mr Kevin DeCesare, MHRA President, Franco Aloisio, Senior Manager, Marketing and Corporate Communications at GO also attended the signing ceremony.

MHRA meet with Min George Pullicino and Dr DeMarco regarding findings of waste separation

MHRA President Mr Kevin DeCesare, Mr George Micallef and MHRA CEO Mr George Schembri attended a meeting to discuss the proposed increases in landfill tipping fees as from 1st October 2009. Mr DeCesare indicated that MHRA had attended numerous meetings under Dr Chris Ciantar and a number of other government officials from the Minister of Finance to resolve problems related to the ECO contribution paid importers to government. Up to that date no tangible progress had been made and it was not yet possible to have waste collected separately unless hotels and restaurants entered into costly agreement with different collectors. Mr George Schembri indicated the problems meet with in the north of the island when MHRA tried to introduce with the assistance of GreenPak waste separation. The collect in the area was not properly equipped to collect separated waste and also threatened hoteliers with reprisal if another collector was introduced in the area. GreenPak confirmed that no other collector dared take up collection in the area due to the collector threats and therefore unless something was done about the proper licensing of collectors it would not be possible to separate waste. Mr DeCesare contended that unless the infrastructure was there for hoteliers and restaurateurs to make use of in a proper way and at no increase in cost to them, MHRA was not prepared to accept the new landfill tipping fees.

Wasteserv officials gave an overview of a survey they conducted at a five star property in the north part of the island. The survey involved in weighing different waste streams to find out the amount generated during a week at peak period. The results showed that the amount of waste that could be separated was close to 37% with further internal adjustment. MHRA claimed that the hotel in question with the proposed new tipping fees the hotel will be paying an additional seven thousand Euros to their waste bill which was unacceptable. After much discussion Minister George Pullicino recommended that the landfill tipping fees for the hospitality sector won't be introduced before the 1st April 2010. Meanwhile he recommended that MEPA will work towards putting in place a proper licensing structure for collectors and only those that have the necessary equipment to collect separated waste will be allowed to operator until strict rules. MHRA will encourage hoteliers to start waste separation within their establishment so that by the 1st April, all staff would be trained properly and establishments geared to maximise on waste separation so that their cost of organic waste will be as reduced as possible.

MHRA welcomes Portuguese Students from EPRALIMA Catering school for placements in hotels



A group of four student from EPRALIMA Catering in Portugal were greeted by MHRA CEO Mr George Schembri on the start of their four week placement programme in three five star hotels in Malta. The four students were following studies in food preparation, food and beverage service, general tourism management and marketing. Hilton Malta, InterContinental Hotel and Corinthia Marina had offered placement for these four students. Mr Schembri welcomed the students on their arrival at Hibernia House in Sliema where they would be lodging during their four week placement. He also accompanied the student and introduced them to the HR Managers of the respective hotels the students had been placed during the four week placement. He augured that their experience during their placement with be of benefit in their career in the hospitality sector and MHRA was ready to welcome more students from Portugal.

MHRA present impact of recession on the Tourism Sector for the first nine months of the 2009

On Monday 26th October at the request of MHRA Council a meeting was held with Prime Minister Dr Lawrence Gonzi, Minister for Finance, the Economy and Investment, Mr Tonio Fenech and Parliamentary Secretary for Tourism Dr Mario Demarco at Castille during which MHRA with the assistance of Deloitte made a presentation about the impact the global recession had on the tourism sector. The presentation focused on four areas; Tourism trends, Hotel performance, seat capacity and movement trends and the impact of Tourism on Government revenue. Following a lengthy discussion it was agreed that generating opportunities to attract 100,000 increase in tourist arrivals during 2010 was a priority to take the industry from a loss to break even position. Minister Tonio Fenech invited MHRA to work with Dr DeMarco and Malta Tourism Authority to identify effect measures that can halt and bring about the required increase and promised that he will give his Ministries backing to such measures.

MHRA Annual General Meeting at Radisson Blu Resort



The 51st Annual General Meeting of MHRA was held at the Radisson Blue Resort in Golden Sands. The Secretary General of MHRA Dr Hugh Peralta gave an overview of the Association's work during the year. This was followed by a financial report from Mr Joseph Attard MHRA Treasurer. Elections of council for 2009-2010 followed with Mr George Micallef being confirmed as President of the Association for 2009-2010.

After the break Deloitte senior partner Mr Raphael Aloisio presented a report showing the contribution Tourism gave to the Maltese economy. This was followed by an address by Parliamentary Secretary for Tourism within the office of the Prime Minister Dr Mario DeMarco. Closing address was given by out-going MHRA President Mr Kevin DeCesare during which he highlighted the prevailing situation of the Tourism industry. Mr DeCesare reiterated government together with the stakeholders must continue to address the seat capacity to the island which is so closely correlated to the number of arrivals, the need for more funds for marketing and government has to consider such funds as an investment in the sector and not an expenses since the return is four fold, and to accelerate more interventions in the upgrading of the 'product'. He also referred to the fundamentals that need to be address for the success of the tourism sector which should be happening automatically. He referred to cleanliness, upkeep and enforcement as activities which are expected by the Maltese and of benefit to the tourism sector. However there was still lack of cleanliness, upkeep and enforcement and therefore these should be addressed as early as possible.

Mr DeCesare concluded by thanking for the support he had received during his tenure and augured the newly elected President an easier term than he had in the eighteen months he was President of MHRA.

NOVEMBER 2009

MHRA meets Minister Tonio Fenech and P.S. Dr M DeMarco regarding reduced VAT rate issue for restaurants

MHRA Council met with Minister Tonio Fenech and Parliamentary Secretary for Tourism Dr Mario DeMarco during which Minister Fenech informed that the proposed impact report on the adoption of a reduced VAT for restaurants was finished and asked the Mr Joseph Rapa from the Economic division within the Ministry to make a presentation about the findings. The conclusion was that for the policy to be economically effective, Government would have to be prepared to forego much of the lost VAT revenue over a period longer than one year. The simulations used in the report suggested that the positive economic impact could be significant, especially on the tourism sector if Government is prepared to absorb the fiscal cost. However the positive economic impact will take time to materialise and would be significantly undermined if full pass-through is not ensured. Experience from other countries we showing that full pass through is unlikely in the case of a tax reduction. This implied that unless a mechanism is contemplated to ensure a significant pass through, the (general) economic benefits will be partially compromised whilst the financial repercussions to the government would be relatively high.

Under the assumption of full pass through economic growth would improve by 0.2 percentage points in the year of implementation and 0.6 percentage points in the second year. The opportunity cost of such policy, as measured by the fiscal impact would be in the region of EUR 23 million within two years following the proposed reduction. If it was assumed that half the pass through is achieved, the economic impact is roughly halved whilst the opportunity cost after two years remains a significant EUR 22 million. The simulations also indicate which sectors of the Maltese economy are likely to benefit from this proposal. The tourism sector, particularly restaurants and hotels will be the main beneficiaries of this policy. However because of inter industry linkages with tourism, other sector benefit, namely agriculture, food and beverages, and the wholesale and retail sector. A positive impact would also be observed in a number of other manufacturing concerns, transport storage and communications, financial intermediation and other service industries.

The results also show that whilst the action of Malta's main competitors in tourism is also relevant when considering the impact of this measure, the opportunity cost relative to the economic benefits remain irrespective of competitors' strategies. The simulations suggested that this policy would be effective as long as Government was prepared to endure the fiscal cost. Under a strict budget neutral scenario where the revenue loss is recovered fully in the year of implementation, the policy can become ineffective.

The scenario suggested also that an equivalent income tax reduction can be more effective, less costly to the government and its impact would be more immediate. If however, the Government was able to withstand the negative budgetary impact for longer than one year; the policy becomes more effective after the second year than an equivalent income tax reduction. However, the difference is likely to be marginal.

Also, one has to consider the limitations of this analysis with regards to the opportunity cost involved. In this report we have effectively considered one hypothetical alternative – a reduction in income tax. We have not considered other alternatives.

A possible alternative, for instance, would be an increase in investment expenditure, possibly in the tourism sector. Because investment is likely to have a higher multiplier effect than a tax reduction, the opportunity cost of the VAT reduction may be even higher than the opportunity cost evident in the hypothetical example of a reduction in 33 income tax explored in this report. Moreover, investment in the tourism sector may be an effective means of attaining Malta's goal in the tourism sector of attracting higher spending tourists and thus pushing the tourism sector towards the higher value added chain. These considerations are beyond the scope of this report but should play an important element in the decision-making process.

MHRA at HOTREC Annual General Assembly in Barcelona

MHRA President Mr George Micallef and MHRA CEO Mr George Schembri represented MHRA during the 60th General Assembly of HOTREC in Barcelona. HOTREC which represents the European hospitality industry called for a shift in EU policies during the worst economic crisis seen in a lifetime! 39 Associations from 24 European countries attended the General Assembly in Barcelona to discuss the challenges and threats being faced by the European hospitality industry at present. Six months on after the Stockholm G.A., hospitality business trends across Europe were still very worrying and that no recovery was in sight for many Member States. Given this persistent hostile economic climate the President of HOTREC Mr. Kent Nyström, renewed HOTREC's call for a shift in EU policies to hasten the recovery. He said "it is now the opportune time for the EU to anchor pro-business policies, introduce better regulation and decrease burdens in its daily activities."

In this context, Mr Nyström confirmed HOTREC's support to Member States which have adopted a reduced VAT rates for hospitality services and strongly encouraged other Member States to follow the same path to help hospitality businesses survive the economic crisis. Moreover, Mr Nyström called on the new Commission to withdraw the burdensome and inappropriate proposal imposing food labelling requirements on restaurants that had been put forward by its predecessor.

During the General Assembly each participating association gave an overview of the current situation in their respective country. The main message that came out was that the current economic crisis was putting the hospitality industry under huge pressure. As a result, investment projects were frozen, access to credit had almost evaporated and demand plunging across Europe. Most participants to the General Assembly reported calamitous business trends in their respective countries, and most consider that the recovery was not in sight yet, as 2010 will probably be on the same level as 2009. In Ireland the situation is catastrophic as restaurants witnessed a decrease of 30% of their revenues over the last months, while bankruptcies surged by 10% to 15%. In Latvia and Lithuania, occupancy rates in hotels fell by 20% to 40%, depending on the areas. In Finland, the demand plunged on average by 10% for hotels and restaurants. In France, 9.000 jobs were lost in the first half of 2009 and over the last twelve months restaurants served 8.000.000 fewer meals. In the UK, 36 pubs were closing every week, a figure which peaked up to 52 per week in mid 2009, while the overall beer consumption decreased by 8%. In Spain, over the last 12 months, employment in hotels dropped by 7.4%, while in the restaurant sector 30.000 jobs were lost as a consequence of the crisis. MHRA reported that in Malta, bed nights in hotels dropped by 14.3% during the first eight months of 2009 while revenue of hotels was down by 19.7%. A few countries did seem to be experiencing the very beginning of an improvement, even though the situation remains very fragile. HOTREC President, Mr. Kent Nyström, considered that "the overall picture was still not positive but signs of recovery can be observed". He once again called on the EU and the Member States governments to restore a favourable regulatory environment instead of imposing additional burdens, as the future of 9 million jobs in the hospitality industry is at stake!

Ms. Beatriz Marco, General Director of Cooperation and Tourism Competitiveness of the Spanish Ministry of Tourism, made an interesting presentation during the Assembly on the current priorities of the Spanish tourism policy. Participants particularly welcomed the announcement that the Spanish presidency will try to improve the coordination of those EU policies having an impact on tourism.

The German MEP Klaus-Heiner Lehne (EPP) made an interesting presentation on the coming into force of the Lisbon Treaty. Of particular interest for the hospitality industry are the new EU competence on tourism and the strengthened role for national parliaments as watchdogs for the defense of the subsidiary principle.

Mr. Pedro Ortún Silván (Director, DG Enterprise) reviewed the multiple activities of the Tourism Unit which he was presented with on the occasion of the European Tourism Forum held in Brussels on 9 October. In relation to the study on the competitiveness of the EU tourism industry, he asked HOTREC to prioritise the challenges identified in this study. The President of HOTREC immediately replied that the number one priority should be to "provide oxygen to the industry" by reducing administrative burdens and providing better impact assessments before releasing ill-advised pieces of legislation on the industry.

On the occasion of the 60th General Assembly, HOTREC presented the participants its new publication entitled "Some 60 EU measures affecting the European hospitality industry". This publication focus on 60 measures from the EU of most direct relevance to the industry.

The next HOTREC General Assembly will take place in Brussels on 22-23 April 2010.

MHRA approached for help in Energy Audit in Hotels by MIEMA

MHRA was invited to support a survey on the Energy needs of the hospitality sector. The meeting was held at the Malta University Campus with Mr Jesmond Xuereb CEO of Fondazzjoni Temi Zammit and Ms Liliana Vella who was the person that will be responsible for the compilation of the survey results. MHRA CEO Mr George Schembri confirmed MHRA support and will encourage Hoteliers to participate in the survey so that the hospitality energy needs are known and to lie plans how to address the sector's needs for the future as energy costs are bound to increase.

Meeting regarding General Binding Rules being proposed by MEPA

MHRA CEO Mr George Schembri organized a meeting with Ing Ray Vassallo from Radisson Blu Golden Sands Resort and Ing Joe Restall from Hilton Malta to go over the proposed General Binding Rules being proposed by MEPA with respect the Hospitality sector. A set of recommendations were drawn and forwarded to Environmental Section with MEPA for their consideration.

MHRA obtains PATCO certification on its appliance at its Office

As part of its corporate responsibility toward all those that worked or visited MHRA offices asked PATCO Malta to carry a survey of all its equipment with the MHRA offices to certify that all the equipment and appliance within the office were safe for use.

MHRA seminar for Hotel Engineers and Maintenance Managers at Corinthia Palace Attard re OHSA

MHRA CEO Mr George Schembri with the assistance of the Hotel Engineers/Maintenance Managers committee to organize a meeting and invite the Chairman of the Occupational Health and Safety Agency to outline the legislations which they are responsible for and the responsibilities that it imposes on the hotelier and his staff. The Corinthia Palace in Attard was the venue for the meeting and Mr Charles Micallef gave an interesting presentation about the legislation and responsibilities that the legislation imposed on the operator. Ing Stefan Demarco from MIEMA also addressed the engineers and maintenance managers present about the energy audit that MHRA had backed through MIEMA and encouraged them to take part in the audit as early as possible in order to bring out the best practices in energy conservation.

MHRA meet with Dr M DeMarco and Mellieha Mayor Robert Cutajar re pedestrianisation of Mellieha main street

MHRA CEO Mr George Schembri reiterated that MHRA had already voiced its opinion in favour of such pedestrianisation of Mellieha main street during previous such meetings held some years back on the subject. He showed his appreciation that the Mayor of Mellieha was taking the subject up again. Hoteliers in the area also expressed their opinion in favour of the pedestrianisation of Mellieha Main Street. However GRTU and Transport Authority opposed this proposal since according to their members the GRTU indicated that this would affect them negatively, while the transport authority considered that this would lengthen the route and add more fuel expense on their trips. Mr Robert Cutajar indicated that the pedestrianisation of Mellieha Main Street was an electoral commitment and therefore could not understand why shop owners were now opposing it. His proposal was to establish a bus terminus and car park at Belleview area and introduce a park & ride scheme for Mellieha centre. It was agreed to introduce the scheme on a test period and see the effect of the scheme on the area business community and residents.

Restaurants Committee with MHRA meets to discuss seminar for restaurateurs in early 2010

Mr Noel Debono chaired the first meeting of new restaurant committee composed after the Annual General Meeting earlier in the month. He thanked all restaurateurs who had volunteered to still on the committee to help him address issues that were hindering the development of restaurateurs on sound business practices. He outlined the work done by the previous committee during the past year and thanked Mr Alex Bonello for his contribution on the past committee. Mr Debono gave a number objectives that he felt should be aims of the committee for 2010. He indicated that MHRA President Mr George Micallef was very supportive of the committee's work and asked to see more interactivity with restaurant members to learn more about the performance of the sector and work towards strengthening the sector. Mr Micallef had already asked MHRA CEO to bring onboard at MHRA a person to dedicate more time to the restaurants membership base and to be able to assist better the restaurant committee. Mr Debono indicated that as outlined in his list of objectives, he wanted to hold a conference in early 2010 to bring together restaurateurs together and discuss the way forward for the sector. Restaurants had been badly affected because of the drop in the number of visitors to the island due to the international economic crisis and due to eroded spending power of locals whose attendance in restaurants had dropped over the ten month period in 2009. The committee unanimously agreed to the objectives set by Mr Debono and agreed to meet regularly to start work on the objectives as set.

MHRA meets Greenpak on progress re waste separation in Mellieha Hotels

MHRA CEO Mr George Schembri and MHRA restaurants' committee Chairperson Mr Noel Debono met with GreenPak Director Ing Mario Schembri and to address as early as possible the collection of waste of Hotels in Mellieha area in view of the withdrawal of license of the collector in the area. Ing Schembri confirmed that GreenPak was already in contact with hoteliers and had agreed on the needs of each establishment to render besides collection service, the number of skips required so that they facilitate wastes separation and staff training.

MHRA at a press launch of marketing initiative for Mellieha area

MHRA and member hoteliers were invited to the launch of an initiative by the Mellieha Local Council together with eleven hotels in the locality who availed themselves of the marketing fund being offered by the Malta Tourism Authority. The publication entitled "Mellieha - A Destination for all seasons". Is a 20-page promotional booklet promotes the hotels in the Mellieha region, as well as the various attractions and services provided in the locality.

265,000 copies of this booklet will be distributed to all households in Cyprus, and all travel agencies and tour operators on the island.

Parliamentary Secretary for Tourism Dr Mario DeMarco in a short speech on the occasion said that there are 13 hotels in the Mellieha area, comprising of around 5,000 beds or approximately 14% of all of Malta's bed stock. He added that around 45% of all tourists visiting Malta and Gozo visit Mellieha or places that fall within the Mellieha locality. The Parliamentary Secretary indicated that so far, over 16,000 Cypriots visited Malta this year – an increase of 46% over the same period last year – and this was thanks to the daily flight by Emirates which was connecting Malta and Cyprus. He augured that this service is nurtured further to consolidate the tourism between the two Mediterranean islands.

Dr de Marco concluded by congratulating Mellieha Mayor Robert Cutajar and his Council for taking the initiative in this regard, and urged other hotel operators in other areas to follow up on the Mellieha Local Council's example and create similar initiatives that will undoubtedly be of benefit to Malta's tourism industry and, of course, to all those living and operating in the area concerned.

Mellieha Mayor Robert Cutajar said that the initiative was conceived and launched by the Mellieha Local Council, in an effort to promote tourism to Malta from relatively new source markets such as Cyprus, as well as promoting tourism towards the Mellieha area.

He added that the choice of Cyprus was a result of the twinning agreement between Mellieha and Ayia Napa in Cyprus, a destination which has a number of similarities with Mellieha, not least being the fact that both are tourism destinations facing various realities common to both. Thanks to this twinning agreement, the Local Council made a number of contacts in Cyprus and investigated the possibility of promoting Malta in Cyprus, as well as Cyprus in Malta

MHRA at MTA Full Day Seminar in GOZO titled 'Marketing Gozo as a Tourism Destination'

MHRA CEO Mr George Schembri was invited to attend a one day seminar on 'Marketing Gozo as a Tourism Destination,' organized by The Malta Tourism Authority (MTA) in collaboration with the Gozo Tourism Association. The aimed of the seminar was to identify a strategy in marketing Gozo and the expectations of the Gozitan travel trade.

The seminar was introduced by Minister for Gozo, Giovanna Debono and Parliamentary Secretary for Tourism, Mario de Marco together with the participation of other distinguished and multidisciplinary panel of local and foreign speakers who covered a wide area of expertise.

MHRA at HOREAC Sectoral Social Dialogue Plenary Meeting In Brussels

On the 1st December 2009 MHRA CEO Mr George Schembri represented MHRA at HOREAC meeting in Brussels during a Social Dialogue Plenary meeting. The full day meeting covered the progress regarding the Qualification & Skills Passport, joint declaration by EFFAT and HOTREC on undeclared work and illegal working practices with the European Union, status on the adoption of reduced VAT for restaurants throughout the EU member states, stimulus measures adopted by several members states to lessen the impact of the international economic crisis, sectoral skills council, work by the committee of experts on Posting of workers conditions, and legislative developments on social matters such as the working time directive, immigration policy, discrimination at the place of work, work-life balance issues and latest developments in tourism practices such as the Calypso Project

MHRA meets MCESD Chairman to discuss MCESD agenda for 2010

MHRA officials met with MCESD Chairman Mr Sonny Portelli and Dr Gordon Cordina to discuss plan of work of the MCESD for 2010. MHRA highlighted a number of issues that should be discussed at MCESD during 2010 and also pointed out Government should not use MCESD to 'rubber stamp' its policy. The main scope of MCESD was to have a consultation forum where the three partners being Government, Unions and Employers meet to give their views and input on any reforms and proposed legislation that affects the social and economic situation in the Maltese islands.

MHRA at a Tourism Zone Committee meeting with Dr De Marco

MHRA CEO Mr George Schembri represented MHRA during this meeting and brought forward to the meeting number of issues which were discussed at length. Topics covered included, noise pollution in Paceville area, the 2nd phase of the extension of St George's promenade from Corinthia San Gorg to St. George's Bay, the proposed garden opposite Corinthia San Gorg and Radisson Bay point, and nature trail in Pembroke, general cleanliness, proposed interventions in Bugibba/Qawra area, the need to start on Cirkewwa Terminal, intervention at Marfa key before it is too late, lighting on Marfa ridge and road leading to Ramla Bay Resort Hotel, proposed Tourism Information office in St Julian's and upgrading of Spinola Bay.

MHRA at an MCESD meeting

On the 14th December an MCESD meeting was called to present to all social partners a brief about the project: **CLOSER to EUROPE** which has been assigned to the MCESD and part financed by the European Union. During the meeting the social partners were also given details of a draft work plan of the MCESD for 2010.

BOV-MHRA Q3 survey presentation at Hilton Malta

The results obtained in the first nine months of the year reflected the effects of the global economic recession had on the tourism industry globally. The tourism industry in 2009 suffered a sharp drop in occupancy and room rates after the commendable performances in 2007 and 2008. The results anticipated for 2009 was one of the poorest Performance in recent history. The mitigating effect of hoteliers' cost cutting initiatives was not able to make good the absolute drop in revenue. The 'flow through' impact of the lost revenue had unavoidably been very significant and hoteliers are expecting that the loss in turnover by the end of the year would be in the region of over Euro54 million. Such a drop in turnover was going to completely erode profits and result in cumulative losses after finance costs and depreciation in excess of Euro25 million for the year. In his concluding address MHRA President Mr George Micallef said that notwithstanding the negative results, the MHRA remains confident that a correct seat capacity strategy coupled with appropriate marketing initiatives in 2010, could lead to a reversal of the declining trends. He expected next year undoubtedly to remain a very challenging year. Even if volume was maintained and not fall further, rate improvement will only realistically begin to pick up once volumes return to the pre-global economic crisis levels. He called on all stakeholders hold firm through these challenging times and to focus their energies on the core objectives:

- Maintain and grow seat capacity
- Support Air Malta in all permissible ways
- Maximise load factors through effective marketing support
- Focus on basic 'product' fundamentals
- Prioritise key tourism zones
- Develop and portray a brand image which is true to our core value strengths

- Increase the effective use of market intelligence
- Ensure sufficient access to finance

Mr Micallef then went on to comment on the increase in utility tariff announced on Tuesday morning and called on MCESD Chairman to hold an urgent meeting of the MCESD to discuss the impact the exorbitant increases announced are going to have on the Maltese Islands economic activity. Mr Micallef expected the highest authorities from Government will be presented during the meeting together with a presentation by the Malta Resources Authority (MRA) on what basis the new tariffs were accepted, results of any impact assessment carried out by MRA and also Enemalta officials to explain how the tariffs were worked out.

MHRA accompany Dr DeMarco on end of the year visit to Hotels & Catering establishments

MHRA President Mr George Micallef and MHRA CEO MR George Schembri accompanied Parliamentary Secretary for Tourism and MTA Chairman Mr Sam Mifsud on a number of visits to Hotels and Restaurants on the eve of the new year to meet with staff busy adding the final touches to the NEW Year's eve activities within the respective establishment. Dr DeMarco was able to meet staff at work and whilst expressing his best wishes for the New Year to staff he meet he expressed his appreciation of their work during the festive period. The establishments that were visited this year where Excelsior Grand Hotel, Coastline Hotel, Bayview Hotel and Mamma Mia Restaurant.

JANUARY 2010

MHRA Council meets FATTA on the proposed 50cent bed tax

MHRA and FATTA officials meet at MHRA offices in Kappara to discuss Minister Tonio Fenech latest claim in one of the newspaper that Government was adamant in introducing the 50cents 'Bed Tax' as from 1st April 2010. Both organisations declared that this 'tax' was most untimely considering the prevailing critical economic situation in Malta's major tourism markets. Maltese operators were doing their utmost to keep their prices as competitive as possible in order to minimise the downturn in visitors' arrivals. Therefore this 'tax' would undermine such efforts and could be detrimental in loss of business in all sectors of the tourism offer. It was agreed to take a stand against the introduction since they all feared the negative impact it will have on the visitors' arrivals.

MHRA Council meets to prepare a report on the impact of the Utility rates and present at MCESD

MHRA Council meet to formulate a report through which MHRA would be able to show the impact the increase in the utility rates are going to have on Hotel operations. The report would need to highlight first the results obtained during 2009 and the impact the drop in occupancy had on the hotels and restaurants. This would be than be followed by showing the impact of the 2009 results on Government revenues while then the report was to show the impact on the new utility tariff is going to have on hotels and restaurants.

MHRA makes presentation at MCESD

MHRA President Mr George Micallef made a presentation on the impact of the increases in utility tariff as from 1st January 2010. Mr Micallef expressed his disappointment that it took a month to call an 'urgent' meeting called by MHRA in mid December soon after the announcement of the new utility tariff as from 1st January 2010. MHRA call was also supported by other social partners who sit on the MCESD and therefore calling a meeting four weeks after the request is not acceptable. The presentation prepared with the assistance of Deloitte highlighted that in 2009 Tourism performance was its lowest ever over the last five years. In 2009 Hotels lost Euro29 million (40%) of GOP and losses are estimated at Euro26 million. These losses will have to be carried forward in their operating costs together with an estimated Euro 16million arising from the increased utility costs. Such operating costs are rendering hotels and restaurants unsustainable. Furthermore these increases will wipe out any disposable funds which may be earmarked for re-investment. While Mr Micallef pointed out that MHRA appreciates that government has a deficit problem, the industry was facing two main problems, one relating to the operating costs which were increasing at a rate which cannot be absorbed by increases in rates at a time when the marketplace is still very price sensitive, and this has to be tackled by government since many of the 'new' costs are government induced costs. Imposing a full recovery model in the present economic scenario, as in the case of the Enemalta can be more harmful, as government is risking of losing out much more in economic activity and related earnings than it seeks to receive through the increases in the utility rates. Mr Micallef concluded by asking Government to be more conscious of the Industry's prevailing situation and be more sensitive to its survival at the present moment in time. MHRA was prepared to sit down with Government and identify measures that can help cushion the impact of the increases and Government still obtain the revenues it has aimed to attain during 2010.

MHRA attends ETC meeting on revise schemes to encourage employment in the sector

MHRA members attended an informative seminar during which ETC and MTA presented a series of schemes available for tourism operators to facilitate the employment of unskilled persons. Most of the schemes offered financial incentives for the employment of unskilled or semi-skilled workers and to encourage training of such persons to eventually contribute fully in their respective area of service. More information can be obtained directly through ETC at Hal-Far.

MHRA CEO meets MEPA and Wasteserv officials re Waste Separation

MHRA CEO Mr George Schembri met with MEPA and Wasteserv officials to discuss progress on various issues related to waste collection of separated waste. Mr Paris updated those present on the progress of verification of licensed contractors who were properly equipped to provide collection of waste in a separated manner. He confirmed that contracts were given a licence on the merit of their equipment and hoteliers should ensure that before engaging a contractor to collect their waste, these should produce their license which will confirm whether they are able to collect waste in a separated manner. Mr Schembri indicated that MHRA was having the support of GreenPak who ensured that any contractor proposed to an Hotelier would have the proper license. GreenPak was providing Hoteliers with training of staff in waste separation in order to maximise in the separation exercise and providing also the necessary skips for hoteliers to be able to separate waste with the least inconvenience. The collection from restaurants was not yet resolved since further talks are being planned between Wasteserv and schemes operators such as GreenPak and GreenMT to find a solution for such establishments and also other commercial outlets which to date these were not regulated as catering establishments which

created an unlevel playing field. It was agreed to see the progress that would be achieved through the following meetings and then meet again.

MHRA meets with Dr DeMarco regarding the 50cents bed tax

MHRA officials met with Parliamentary Secretary for Tourism to make representations on the proposal 50cents bed tax being proposed by Government as from 1st April. MHRA was categorical in its stand about this 'tax' and reiterated that this tax was most untimely when the industry is still suffering from substantial drop in occupancies and revenue. It also affected Malta's competitiveness at a time when consumers are very price conscious and want more value for their hard earned income. MHRA insisted that if Government was adamant in introducing this 'tax' it should give it another term such as 'Eco Tax' or 'Eco Contribution' or 'Emission Tax' and should not be shouldered onto hotels to collect such a 'tax' as otherwise this created a unlevel playing field since 30% of arrivals stay in other venues of accommodation other than hotels. Also this contribution needs to have certain provisions and capped for tourist and students on long stays in order to lessen the impact on such visitors to the island. It was agreed to hold further discussions on the subject once MHRA and Government have also reached agreement on mitigating measures to offset the increase in costs due to the Utility tariff as from 1st January 2010.

Malta Enterprise launches first from a series of incentives for SMEs

MHRA was invited to attend the launch of one of the incentive announced by Government in November 2009 as part of its budget for 2010. Micro Enterprises that re-invest profits derived from their trade or business in an approved project shall be entitled to a tax credit. The scheme shall apply to profits earned during the year 2005 and subsequent years up to 2009, provided the approved project shall be completed within three years.

Approved projects are expected to improve the efficiency and effectiveness of the business. This may include the setting up of a new activity, of a change in the product or the production process. The relative tax credit is earned in the year of assessment during which the respective approved investment is undertaken. The tax credit represents the value of tax that would have been paid if the profits were not re-invested. In any case, the tax credit for any particular year of assessment shall not exceed €116,500 or 50% of the value of the approved investment.

Any tax credit which is not utilised in any particular year may be carried forward to subsequent years of assessment up to year of assessment 2015.

Further details can be obtained from Malta Enterprise.

MHRA supports HWS conference at Le Meridien

Hospitality Web Systems (HWS), a leading e-commerce solution provider specialising in the hospitality industry, in collaboration with the MHRA, hosted a Hospitality conference on 21 January 2010 at Le Meridien Hotel & Spa, St. Julian's entitled: *'Technology Trends during a Challenging 2010'*. The conference, which highlighted various challenges that the hospitality industry will face in 2010, as well as numerous technological solutions to combat them, coincided with the local market launch of the innovative internet booking engine Addajet. Addajet is an internet booking engine for the hospitality industry unlike any system currently available on the market. It plugs directly into a hospitality operators' own website, and combines room inventories with flights – be it scheduled, low cost, or charter flights – from various feeder markets. It also provides inbound services and ancillary products such as transfers, car rentals, boat hire, events, tours and more. In this ever competitive industry this system is

flexible enough to include various types of special offers such as early booking discounts and several other strategic offers.

George Schembri

MHRA