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# MHRA in the news

## March 2011

### 4th March

#### **MBB Breakfast Business - Meeting with Commissioner John Dalli**

Council members of MHRA, the Malta Chamber of Commerce, Enterprise and Industry and a number of members of the two constituted bodies had the opportunity to exchange views with Commissioner Dalli on various topics of business interest during a Business Breakfast meeting at Phoenicia Hotel organised by Malta Business Bureau. This high-profile event was introduced by MBB President John A. Huber. Afterwards Commissioner Dalli made his keynote speech and this was followed by a floor debate moderated by PBS journalist Keith Demicoli, which delved into critical issues affecting businesses today.

In his address, MBB President Mr. Huber referred to a recent position paper published by the Malta Business Bureau on the European Commission's proposals for the re-launch of the Single Market Act. Mr. Huber also expressed his concern at the Consumer Rights Directive that will soon be voted on by the European Parliament. In respect of e-commerce, which is crucial for business in modern economies, he claimed that consumer trust is vital, but not to a degree that leaves the trader practically defenceless against fraud. He concluded that these are exciting times for the Malta Business Bureau. The organisation is celebrating its 15th anniversary, for which it has earmarked a rebranding exercise to create a new image that befits its dynamic and efficient approach to its duties. More importantly, the

Malta Business Bureau will keep monitoring the work of all the EU institutions by continuing to conduct reports and commission impact assessments on how EU legislation and Directives impact local business.

European Commissioner John Dalli has expressed his view that "European business has lost its competitive edge over the years and has fallen behind in areas that it once dominated. He also delved into the current crisis being faced in the North African region, particularly Libya. He expressed the opinion that it was difficult for Europe to take concrete decisions on how to tackle the situation at this particular period in time due to the fact that there was still a lot of uncertainty about what was actually happening within the country. Members of the audience expressed their concerns on how the political turmoil that was taking place on Europe's doorstep was already having a detrimental effect on local businesses and would likely impact negatively on the economy. Commissioner Dalli expressed the opinion that the EU's most important role when it comes to establishing stability in the region would be to encourage and facilitate "governability", which would, in turn, pave the way for democracy, rule of law, human rights, economic stability and development. This was of course a situation that would also be beneficial to Europe. The debate also focused on how, in the long term, the EU and its member states could bring about greater competitiveness and economic growth. Commissioner Dalli expressed the view that the role of the European Union is to support and supplement action at national level.

MHRA President George Micallef raised a number of issues

with Commissioner Dalli. The MHRA president recommended the need for impact assessments whenever new EU proposals are made in order to assess the costs to business of such proposals before these are enacted. He also expressed MHRA's concern regarding the harmonisation of standards such as the proposed classification and fire safety standards, food labelling proposal, Consumer rights directive and copyright issues amongst others.

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#### **MCESD Group 3 Meeting Re COLA Mechanism**

Representatives from the employers' bodies and union representatives met at the MCESD offices in Valletta to continue discussing the revision of the COLA mechanism. Dr Gordon Cordina led the discussion, clarifying the terms being proposed by the unions since the GWU was basing its argument on the fact that the COLA should be based on the national 'Average wage' and not on the 'base wage' as at present. Employers' bodies were totally against this as it would double the COLA contribution. It was agreed that for the next meeting, Dr Cordina would work out various scenarios on the effect of the COLA in such instances.

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### 6th March

#### **MHRA President Comments on Hotel Bookings Situation**

When interviewed by the Independent on Sunday MHRA President George Micallef indicated that operators in the hotel industry have had a

number of small groups cancelled and some were experiencing a slowdown in bookings as a result of the Libyan crisis. While the situation was not yet alarming, Mr Micallef said that if matters are not resolved soon, it could have a negative effect on the country's vital tourism industry. So far, Malta had not experienced an extraordinary influx of migrants similar to Italy and the expatriates leaving Libya, mostly on board ships, have been using Malta, the safest country closest to Libya, as a stepping-stone. Most people who arrived in the previous weeks had made arrangements to return to their homeland within one or two days and a group of Chinese people stayed on a cruise ship in Grand Harbour until they were flown back to their country. Mr Micallef said MHRA had been informed that six to seven groups from Italy and France, booked for small conferences, had cancelled. However, reservations from the UK had slowed down considerably, he commented. On the other hand, a number of tour operators and conference organisers were worried about the situation and all efforts were being made to put their minds at rest. The general trend was one of late booking anyway, Mr Micallef noted, and some people might have decided to postpone their holiday. However, if the crisis was to drag on, business would be lost. The effect was partly a result of the negative perception created by foreign news agencies that spoke in detail about warships arriving in Malta, commenting that expatriates were inundating our shores. The situation in Tunisia and Egypt did not as such have an effect on Malta because the uprising did not last long and Malta was not involved directly although still in close proximity. However, although simply acting as a stepping stone, our island did find itself implicated in Libya's still developing situation

and was receiving continuous exposure. MHRA was in constant contact with the Malta Tourism Authority, which was helping the government in accommodating the evacuees who needed to stay in Malta overnight. The possibility of changing advertising and marketing strategies was also being taken into consideration.

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### *11th March*

#### **MHRA President Comments on Malta's Threatened Competitiveness Due to Impact of EU Directives**

In an interview MHRA President George Micallef expressed the industry's concern about the lack of an impact assessment on proposed directives not just in terms of the financial impact but the impracticality and adverse conditions directives create, even to the consumer which the directives are sometimes aimed at protecting. Mr Micallef went on to highlight several directives, such as the Food Labelling Directive, the Consumer rights directive, harmonisation of standards; copyright issues and the ICT Platform for Tourism. With regard to the food-labelling directive Mr Micallef indicated that not only it was burdensome on the small operators but also impractical and threatens the use of fresh produce in hotels and catering establishments due to the complexity of the method being proposed. The Consumer Rights Directive would severely impair hotel and restaurant bookings if the IMCO1 report was confirmed at the next EP Plenary. The formal information requirements as suggested by the IMCO Committee report will be extremely difficult for hospitality contracts concluded by telephone.

On harmonisation of standards Mr Micallef said that flexibility should remain at the core of the

EU approach in this area in order to accommodate the inevitable structural and cultural differences that underpin the distinctiveness of specific economic sectors and, in the case of the hospitality industry, the peculiar attractiveness of a destination.

On copyright issues, the licensing system for collecting societies needs to be thoroughly revisited by the EU legislators in order to establish a fair level-playing field among the collecting societies themselves in order to avoid the unfortunate creation and maintenance of monopolistic practices in this sensitive field. Mr Micallef also held that EU legislators must avoid the unnecessary collection of fees unjustifiably claimed at the expense of end-users, whether commercial entities such as hotels or private citizens as individual consumers of copyrighted material.

Mr Micallef welcomed the EU action to set up an ICT Platform for Tourism to facilitate the adaptation of the tourism sector and its businesses to market developments in the new information technologies and improve their competitiveness by making use of possible synergies between the two sectors.

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### *11th March*

#### **MHRA Press Release on Air Malta's Restructuring**

The MHRA had expressed its concern over the slow rate of progress in the restructuring process of Air Malta. The Association has drawn attention to the fact that Government had originally announced a completion date for the first draft of the restructuring plan by December 2010.

"This would have allowed sufficient time for discussion between the various parties before approval is sought from the European Commission," stated MHRA President

George Micallef. "In accordance with EU procedures, Government is committed with the Commission not only to seek approval for the restructuring plan, but also to initiate its implementation by not later than the 16th May 2011, which is just eight weeks away."

Mr Micallef went on to say that "Malta is fast running out of time. MHRA is concerned that in spite of the fact that the consultants were afforded two additional months to complete the restructuring plan, the Ministry for Finance felt the need to send this back to the consultants to 'implement fundamental changes'."

MHRA also drew attention to the fact that Malta's tourism relies to a large extent on its national airline. While MHRA acknowledges the fact that it is in no position to comment on any details of the developments nor suggest a way forward, "Neither MHRA, nor the Malta Tourism Authority, has been consulted at any time, despite its strategic relevance to the issues at hand."

The Association stated that Malta has a lot to deal with, not least the turmoil in the North African region, particularly the prevailing escalation in Libya, the effects of which are already being felt in tourism. "The looming threat of further increases in the cost of fuel and the overall economic uncertainties within our main source markets are just a few of the issues affecting Malta at present," stated Mr Micallef.

"However the challenge posed by Air Malta is such that, if we do not get this right, the results may be catastrophic. The hotel and restaurant industry represents the livelihoods of thousands of Maltese and circa €1.5 billion Euros in Maltese direct investments in tourism businesses, in addition to the other economic activities that heavily depend on tourism," he continued. MHRA once again appeals to Government, the Oppo-

sition, the unions and all parties concerned to work together to find solutions within the prevailing time constraints that will put Air Malta back on the road to recovery, as its strategic role in the economic and tourism development of Malta is critical.

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### *15th March*

## **MHRA Recommended Scheme Label for Restaurants**

The Malta Hotels and Restaurants Association officially presented the quality-label guidelines to the first 11 restaurants participating in a Recommended Label Scheme, launched in collaboration with the Malta Tourism Authority at the beginning of the year. Each restaurant representative, from different restaurant categories, was given the official guidelines and criteria that need to be fulfilled to be awarded the label, which can be displayed in the restaurant once awarded. Tourism Parliamentary Secretary Mario de Marco said that the restaurant industry has made significant improvements in the past few years, especially with the advent of independent and low-cost travelling. The newly launched scheme ensures that the sector continues to improve its service. Both MHRA and MTA hope that more restaurants will join the scheme. There are around 1,200 restaurants registered with MHRA. Over 850 of them fall under the first or second-class category. Taking part in the scheme costs €1,300 and the Recommended Label Scheme needs to be renewed every two years. Dr de Marco said that the scheme allows clients to identify the quality level of a restaurant, while it ensures that restaurant owners invest in all the aspects of what makes a good restaurant experience. He added that the

Recommended Label Scheme will serve to encourage the restaurant industry to remain competitive. Tourism operators must continue to ensure that they adapt to tourists' demands and to the changes in the tourism market. Developed by MHRA earlier in the year, the scheme aimed to incentivise restaurant operators to adopt best practices throughout all levels of operation and in turn have their high level of service acknowledged. The first group of 11 participants was to be allowed a six-month 'adjustment period' to implement the necessary standards, policies, procedures and training as indicated in the operational guidelines manual. They will also have to produce complete and convincing evidence of compliance in all areas, plus a mark of 75% or over through a mystery guest audit. MHRA president George Micallef encouraged the association's members to raise their standards and deliver the best possible service to customers. "The restaurant sector is considered a vital component of Malta's tourism product, and through this scheme, MHRA is aiming to award those that achieve and maintain the very highest operational standards," Mr Micallef said. The label signifies that the awarded restaurant conforms to the high professional standards of MHRA.

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### *22nd March*

## **MHRA President Comments on Removal of Employment Registration by Foreigners**

In an interview with a local newspaper about the removal of the present employment permit system, retained by Malta despite EU accession in 2004, and which will be lifted as from May 1st to allow EU citizens the same freedom and liberty of employment as the Maltese,

Mr Micallef commented that it will not have a major effect on the job market, as basically what would be different is that instead of one applying for a work permit, which was issued in any instance within a matter of 2 days, any EU citizen will now have to register and be exempted from paying the small fee normally charged. Furthermore this will not need to be renewed every year. Mr Micallef went on to say that there should be no real impact as this new system does not constitute any significant gain other than doing away with the formalities. When asked whether he would expect a huge influx of EU workers, Mr Micallef said that is highly unlikely. It had not happened elsewhere within the EU member states where it was easier to just cross borders than having to travel by air or sea to reach Malta. Mr Micallef went on to explain that the number of EU expatriates in Malta was not that voluminous in the first place. A significant percentage of employment was in the financial, gaming sector or management posts. Consequently it would not have any major effect on Maltese employment levels. From surveys MHRA had conducted within the hospitality sector it had transpired that the number of non-Maltese EU citizens working in the hotel and restaurant sector was a few hundreds, and this was by no means significant. MHRA did not expect any significant influx, and consequently it had not been deemed necessary to prepare the sector, other than advising them of the new procedures.

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### **MHRA Holds a Conference for the Restaurant Sector**

A conference for restaurateurs was held in late March at the Excelsior Grand Hotel in Floriana when four main workshops were held during which problems associated with restaurant operations were identified to eventually be incorporated in a document being prepared by

MHRA to pass on to Government for inclusion in a strategic development policy for the restaurant sector in Malta.

Following the presentation of the findings of the workshops by the four facilitators, namely Alex Mifsud, Carol Calleja, Charles Micallef and Charles Martin, a panel of experts made up of ETC CEO Mr Claudio Farrugia, MTA Consultant on Quality Assurance Mr Frank Farrugia and ITS Director Mr Adrian Mamo, MHRA President George Micallef stated that the restaurant and catering sector is increasingly becoming a critical success factor of Malta's tourism product, especially since the independent traveller's segment is continuing to grow at a steady rate. Furthermore, surveys show that Maltese prefer by far to spend their leisure time eating out, and this is supported by official statistics that show that a large portion of the near €300 million revenue per year generated by restaurants is spent by Maltese. The restaurant sector has evolved over the years in reaction to market demands, yet it developed in the absence of a national policy and did not follow any set strategy. Mr Micallef stated that the sector may not be entirely in tune with the needs of the tourism industry at present, and therefore there is a need to take stock of what we have today and plan where we have to take this sector in five, ten years from now. MHRA has proposed that an in-depth study is led by the Malta Tourism Authority in collaboration with MHRA, to serve as a basis for the drawing up of a development policy for the sector. Mr Micallef also outlined how certain sectors of the local community are of the opinion that restaurants are generally overpriced and do not offer value for money. This is a generic perception since very little information exists to help establish the extent of this negative perception, but it does seem to contrast

with the relatively high satisfaction level registered by tourists visiting local restaurants, as determined by surveys conducted by the MTA.

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### **24th March**

### **MHRA Attends HOTREC Barcelona Meeting on "Access to Financial Resources by National Associations Representing the Hospitality Sector"**

MHRA, represented by Vice-President Tony Zahra, attended a meeting of the European Hospitality Foundation (EHF), in collaboration with the European Association of Hotels, Restaurants and Cafés (HOTREC\*) and Fundació Gaspart Bonet, held in Barcelona to discuss how national associations representing the hospitality sector could better access financial resources, particularly in times of economic downturns.

Both Kent Nyström, President of HOTREC and Mr. Joan Gaspart, Vice-President of EHF, congratulated the organisers and speakers of the seminar for their outstanding work and commented that "the experiences presented by the guest speakers and the national association members of HOTREC represent a unique opportunity to exchange best practices and innovate the ways to obtain extra revenues".

Indeed, access to financial resources is a major problem for national associations when the business they represent, mostly SMEs, finds serious difficulties in surviving the economic crisis. In addition to other sources of revenues, national associations, as all economic actors, need to apply innovative strategies to turn difficulties or uncertainty into opportunities. Mr. Albert Bosch, guest speaker, a recognised expert in business strategy and risk management, showed through his personal experience how to use creativity and innovation to

overcome the crisis. Mr. Malco Par, member of the Executive Board of “Gremi d’Hotelers de Barcelona” (GHB), presented the successful experience of Barcelona Hotels as a model to follow in other European cities. Lastly, Mr. David Field, Head of Customer and Sales Development of Nestlé Professional, explained how HOTREC national associations could benefit from the collaboration and partnership with companies from other sectors, especially providers to the hospitality sector, as a way to ensure financial stability. Several national associations presented examples of best practices of services offered to the businesses they represent, such as CEHAT (Spain), KONINKLIJ HORECA (Netherlands), FEDERALBERHI (Italy), HAH (Hungary) and BHA (United Kingdom). The representatives from the associations of Austria, Belgium, France, Germany, Ireland, Latvia, Lithuania, Malta, Portugal and Sweden, explained the structure of the national hospitality associations in their countries. The European Hospitality Foundation (EHF) and HOTREC often collaborate together in the organisation of events, amongst other objectives to promote the hospitality sector and to facilitate the exchange of best practices in different areas around Europe.

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*1st April*

### **Fuel Increases Cost Hotels in Excess of €2.5 Million in the Past Year**

Following another increase in fuel oil in April MHRA issued a press release expressing its concern about another increase in fuel as announced the previous day, and in particular about the increase in thin fuel oil which is extensively used by the hotel industry. The cumulative increase of thin

fuel oil over the past thirteen months exceeded 50%, and this was putting a heavy burden on the industry. MHRA calculated that the increase in the cost of thin fuel oil alone, over the past months, has cost the hotel industry around €2,450,000, which averages at €18,550 per hotel, per annum. This increase does not include the consumption of diesel and petrol, which if added would push up the cost of increases on fuel to around €20,000 per hotel over the past year. Thin fuel oil is extensively used by hotels for heating purposes during the winter months when the industry generally operates at a loss and consequently this, in addition to the very high utility rates, will probably push more hotels to consider closing during the winter period, as further losses will become unsustainable. MHRA feels that if this had to happen it would have a detrimental effect on the tourism industry at large and indeed on the economy. MHRA is also concerned by the fact that the cumulative percentage increase of thin fuel oil surpasses that of other fuel prices and MHRA will be writing to the Malta Resources Authority asking for an explanation. MHRA appealed to Government to look into this matter in order to find a way of curbing the increases on the cost of fuel, as such hefty increases are rendering the entire islands less and less competitive.

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### **Malta Hotel Prices are Far from Expensive**

MHRA wrote a letter to the editor of a local paper in reply to an article published on the 30th March, titled “Malta hotel rooms rank among most expensive” as reported in the annual Hotel Price Index issued by hotels.com. This information was far from the truth. Such press statements

issued by foreign organisations without asking local trade organisations for their comments do not give a balanced picture, and consequently present a very distorted picture of matters.

The actual achieved average hotel room rate (AARR) for Malta for year-end 2010 was €59, which is a far cry from the quoted €143 rate. In fact the highest average achieved rate for 2010 was of €98 in the 5-star category peak summer, which still was hugely lower than that quoted by the hotels.com index. MHRA stated that it gets its results from a scientific and independent survey carried out every quarter by Deloitte. The survey results normally also reflect the trends published independently by the NSO. MHRA was not aware of the precise methodology adopted by hotels.com, other than it was meant to represent a weighted average reflecting the size of the quoted market. Hotels.com have no access to rates that are negotiated between Maltese hoteliers and tour operators who represent close to 60% of the occupied room nights in Malta. In the case of online bookings, which represent less than a third of occupied bed nights, the rates quoted by hoteliers are all real time and are adjusted almost on a daily basis to reflect the availability or otherwise of rooms in the hotel. Given the market mix in Malta, it would normally achieve the lower rate and not the higher rate, and consequently the achieved average rate was never anywhere near that advertised online.

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*4th April*

### **MHRA Concerned Regarding Another Increase in Fuel Prices**

In a letter addressed to the CEO of the Malta resources Authority,

MHRA expressed its concern about the spate of increases in fuel prices over the past months, in particular that concerning thin fuel oil, which is extensively used by the hotel industry. MHRA reported that it had calculated that the cumulative increase of thin fuel oil over the past thirteen months has exceeded 50% which is undoubtedly putting a heavy burden on the industry.

MHRA referred Ing Anthony Rizzo to the press release issued by MHRA the previous week, where it was estimated that the increase in the cost of thin fuel oil alone was costing the hotel industry around €2,450,000 per annum averaging €18,550 per hotel. This increase did not include the consumption of diesel and petrol, which if added will push up the cost of increases on fuel to around €20,000 per hotel over the past year. MHRA indicated that the cumulative percentage increase of thin fuel oil appears to have surpassed that of other fuel prices and that it would like to be informed about the mechanisms and methodologies adopted by MRA when approving such increases.

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#### *6th April*

### **MHRA at Full-Day Seminar for ITS Academic Staff**

'Forward with Confidence' was the title of a full-day seminar organised by the Institute of Tourism Studies for its academic staff. The seminar was organised in line with the new vision of the Institute of Tourism Studies, which has taken shape in the last few months following the appointment of a new executive director and a new deputy director. In his opening address Mr Mamo said that one of the main objectives of the seminar was to get an insight into the current trends happening in the local and international

tourism industry and to analyse the human resources requirements of the sector. He reiterated that this was a very important event which should take place every year in order to ensure that the ITS moves in line with the requirements of the tourism industry while still keeping in mind its vocational education role. Speakers from the industry, including the CEO of the Malta Tourism Authority, Josef Formosa Gauci, and the CEO of the Malta Hotels and Restaurants Association, George Schembri, who spoke about trends and the relationship between ITS and industry. Sandra Scerri, training manager of the Corinthia San Gorg Hotel, delivered a presentation targeting the aspect of change. The event was hosted and sponsored by The Palace Hotel, Sliema.

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#### *13th April*

### **MHRA Welcomes New Associate Members to the Association**

Camilleri Wines and besthotelinfo.com subscribed to become Silver Associate Members of MHRA. They join a long list of preferred suppliers who have chosen to join MHRA under this scheme. Over the last decade The Master Group have invested to upgrade the quality of their wines and now are amongst the top wine producers on the Maltese Islands. MHRA and Camilleri wines will be working together to promote its wines and grow the knowledge of wines through regular seminars, establish a Sommelier of the Year, and promote Camilleri wines in MHRA member restaurants. Besthotelinfo.com is a website specifically for hotels to promote their amenities in a more structured format than that found on normal websites. besthotelinfo.com is a free online

Hotel Directory that provides detailed and objective listings and most clients are tour operators and hotels that want to offer their guests the chance to inform themselves about a hotel in all respects. Customers can access accurate and detailed information, make more informed decisions and thus be more satisfied with the hotel of their choice. Fewer misunderstandings between hotel guests, hotel owners and tour operators will reduce requests for compensation. What makes the besthotelinfo.com Hotel Directory unique is that it does not classify the hotels and remain impartial. No personal comments or opinions are included and the accuracy of the information collected is approved and signed by the hotel. besthotelinfo.com's head office is situated in Munich, Germany and the operations are conducted from offices in Malta. Since its inception in 2007 besthotelinfo.com have built a solid Hotel Directory featuring hotels throughout Europe, the Middle East and North Africa.

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#### *14th April*

### **MHRA at Tourism Students Association Annual Conference**

Mr. George Schembri represented MHRA once again at the TSA annual conference held at the Intercontinental Hotel in St Julians. This year's theme was based on the effects of various transport developments on the Maltese Islands Tourism sector. A number of guest speakers took part in this morning conference, amongst them Mr. Joe Muscat from the Gozo Tourism Association, Mr. Alfred Quintano, lecturer at the Institute of Tourism, Travel and Culture, Mr. John Portelli, CEO at the Valletta Cruise Port and Gianfranco Selvaggi, CEO at Malta University Holding Company. Parliamentary Secretary

for Tourism & Culture Dr Mario DeMarco opened the conference highlighting the need for good transport communications to grow the tourism sector of the Maltese Islands. 4th Year Student Mr Joseph Borg, reading for a BA (Hons) in Tourism Studies presented an interesting talk on the tourist experience and transport by visitors to the island.

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*25th April*

### **MHRA President on Malta Economic Update**

MHRA president Mr. George Micallef was interviewed for an article titled 'A Glimpse of the Tourism industry at Present' By The Malta Economic update. During the interview Mr Micallef highlighted that Tourism was one of the sectors that made a strong comeback in 2010 after the recession of 2009. It generated €1.1 billion worth of earnings and millions more in other indirect economic activity. The positive results vindicated the decision taken at the start of the previous year for further investment in increased seat capacity from underserved routes, and a more aggressive marketing approach by the Malta Tourism Authority. The previous year tourist arrivals increased by almost 13% on 2009, whilst the average per-capita spend rose by 8%. The increase in spend, Mr Micallef explained, was mainly caused by a rise in the free and independent traveller (FIT) segment and a higher propensity for a shorter average stay. The biggest investors in the tourism industry were hotels and restaurants, with an estimated worth of circa €1.5 billion, and a workforce of 17,000. The sector requires continuous investment in improvements because of its high depreciation rate and constantly changing trends. Consequently the demand for disposable capital

required for reinvestment in this sector was usually very high. However he cautioned that notwithstanding the sustained improvement in 2010, hotels reported a decline in both average achieved room rates and occupancy level when compared to 2008, whilst revenue dropped by 3%. The considerable increases in costs in 2009 and 2010 have impacted the profitability of the sector and was standing 13% below 2008 levels. The prevailing market trends and stiffer competition did not help the situation either, and hotels were constrained to forgo a considerable amount of their profit margins in favour of price competition, which continued to dry up disposable capital.

The problem was tied with local high operating costs which were steeper than those in most of Malta's competing destinations, however all compete and pitch for business in the same marketplace. Eurostat figures confirm that the gross value added for the hotels and restaurants sector in Malta has been sharply declining when compared to competing Mediterranean destinations, and this despite the restructuring measures undertaken by the industry since the recession. The industry was concerned that if this continued, it would undermine the investment capability of the sector. He continued to indicate that the value added of the tourism industry on the local economy remained huge. Mr Micallef concluded with his call for Government and all industry stakeholders to work together and further intensify their efforts to increase arrivals and tourist expenditure, as this was the only way Malta could secure a healthy future for the industry. Tourism had proved to be one of the most resilient global industries, and people will choose to travel irrespectively. Conditions may influence people how and where to travel, but people will still travel, and Malta needed to make every

effort to ensure that it remains a formidable destination of choice.

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*29th April*

### **MHRA Writes to Parliamentary Secretary for Tourism re James Blunt Concert**

MHRA president Mr George Micallef addressed a letter to Parliamentary Secretary Dr Mario DeMarco following the Police intervention during the James Blunt Concert on the 7th April, 2011 at the Valletta Waterfront. The Police, basing their considerations on the 'Trading Licence Regulations' Subsidiary Legislation 441.07, issued a complete ban on the selling of alcohol throughout the above captioned open-air event, a couple of hours prior to the commencement of same, which regulation states that "No alcohol and no tobacco products shall be sold to persons under the age of seventeen years". Mr Micallef wrote that whilst MHRA appreciates the benefits of such a provision, it was felt that the Police interpreted the above quoted Regulation 7 as prohibiting the presence of any alcohol in events attended by persons under the age of seventeen years – as distinct from the sale of alcohol to U-17 youths. It was evident that the legislator envisaged a situation where in events similar to the one in question, alcohol was to be sold solely and strictly to persons aged seventeen and over. Should one follow such an interpretation this would lead to extremities where open-air events attended by families, such as summer wine and beer festivals, would be completely devoid of any alcohol since persons under the age of seventeen would be present. MHRA highlighted that open-air events were not only attended by Maltese citizens, but most importantly these events were attended by numerous tourists visiting the Maltese Islands. In fact, most of these events were promoted and

marketed purposely for tourists and this with the aid of the Secretariat for Tourism. MHRA fears that this absolute ban will negatively affect such events and tourism. MHRA, in the light of the above considerations and in view of the scheduled events planned for this coming summer, invited discussions to be held with the Police Authorities with a view to finding a workable solution in the interest of all.

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*2nd May*

### **MHRA Intervenes on Behalf of Marina Hotel Corinthia**

A proposal by Transport Malta to extend the Swimming Zone at St George's Bay St Julians further outwards would have seriously jeopardised the MICE business of this hotel sitting on the left hand side of St George's Bay. MHRA pursued a meeting with the parties concerned to find a solution which will not impact the hotel but at the same time allow the swimmers' area to grow. Following an onsite meeting agreement was reached on how to extend the swimmers' zone while the hotel will continue to be able to make use of its quays to welcome MICE groups to the hotel through sea transport provided by companies which offer harbour cruise boats.

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*5th May*

### **MHRA Hosts Charlie Gatt at its Office**

MHRA hosted Mr Charlie Gatt, a fervent travel agent supporter of the Maltese islands tourism potential for the North American Market, for a meeting with Marketing Directors of five-star establishments, MTA, Air Malta and Malta Enterprise to propose an initiative he was working on to attract more travel operators

to promote the Maltese Islands. The meeting, chaired by MHRA vice President Tony Zahra, who is also involved in the travel business, introduced Mr Gatt to those present. Mr Gatt proposed to promote with US visiting Travel Agents (USVTA) a two night/three day visit to Malta for \$299. The contribution would be shared between airline, hotel and DMC. Air Malta would give a subsidised fare to bona fide travel agents from the US while the hotels will offer a reduced rate for two nights' upgraded accommodation. The DMCs will be offering transfers and excursions also at a reduced rate. Mr Gatt also encouraged both private and public enterprises to be innovative to make visitors have an unforgettable experience. He suggested exploiting Malta's unique asset of being a small state and as an example suggested that perhaps the Parliamentary Secretary for Tourism could host once a month a couple from each hotel to a short reception at the Auberge d'Italie. Visitors who would never have occasion to meet a Minister in their country, this would be an unforgettable experience and they would tell the story and show photos to family and friends. One has to take such opportunities if Malta wants its tourism to stand out. It was agreed that MHRA will get together with MTA and Air Malta to discuss the proposed initiative and bring others onboard to kickstart it as early as possible. Mr John Mizzi, representing Malta Enterprise, offered his assistance once he is stationed in New York later in the year. The Ambassador for Malta in New York was also supporting the initiative and would offer any assistance sought from him to launch the initiative.

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*5th May*

### **MHRA Meets Minister Pullicino Regarding Way Forward for Proper Waste Management**

MHRA CEO Mr George Schembri accompanied by Ing Ray Vassallo from Radisson Group, Maintenance manager Charles Bonavia from Corinthia Group, Ing Joe Restall from Hilton Malta and Ing Chris Tabone from Intercontinental expressed their views on the prevailing situation with regards to collection of separated waste from hotels and problems associated with general waste. They informed Minister Pullicino that they had visited the Waste processing plant at Marsascala and congratulated government on the investment for the regeneration of waste into compost and to generate electricity. WasteServ was seeking opportunities to collect more separated organic waste to be able to run the generator long periods and other general waste to produce more compost. The Hotel engineers highlighted the problems and whilst they assured the Ministry that hoteliers would be willing to separate more waste, they stressed that it was important to have a homogenised system of collection which had an inbuilt audit trail as at present this was non-existent.

Officials from WasteServ indicated that at present there were only 20 truck owners that had installed the load cells on their trucks. WS are to follow-up with truck owners who have not yet installed the load cells, in view of the scheme in place. It was agreed that MHRA will conduct a survey to obtain the list of collectors hoteliers are using, while WasteServ will pass on to MHRA the present list of contractors who are fully equipped. Minister Pullicino insisted with WasteServ that the MEPA licence for the waste carriers is to be enforced. Also MHRA will be communicating with the office of the Hon. Chris Said on the issue of Local Councils. MHRA requested that the prices of recyclables are presented to them from time to time. MHRA will make an official request to WasteServ and these will be transmitted to MHRA.

MHRA members complained that grease is being discarded in sewers by the collectors when such collectors are being paid to empty their grease-traps. MHRA was to bring this matter to the attention of WSC. Eventually MHRA will call a meeting with the licensed collectors in order to discuss a better organisation of the collection of waste to be sent to the CA site. The trucks could be organised in such a way that one truck covers a certain region and that truck holds the licence to go the CA site in Luqa. A sticker will be placed on such trucks. In order to promote more waste separation it was agreed to award a certificate to those establishments in recognition of their efforts to recycle waste. Ing Vassallo suggested that WasteServ looks into the possibility of setting up a temporary transfer station for organic waste at Mghatab. WasteServ was also asked to look into the possibility of providing compensation for organic waste, this could take the form of a rebate on the electricity bill. Wasteserv also confirmed that they would be willing to provide pellets for use in composters.

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*9th May*

### **MHRA Attends Meeting Organised by Fondazjoni Ulied Qormi with Dr Chris Said**

MHRA was represented by CEO Mr George Schembri at a meeting called by representatives of Fondazjoni Ulied Qormi (FUQ) with Dr Chris Said -- Hon Maria Louise Coleiro Preca, George Azzopardi, Lisa Cassar and consultant Maria Rauch. Present for the meeting were also MBB CEO Mr Joseph Tanti and MBB Executive Mariella Scicluna. MHRA is endorsing FUQ's project to promote Qormi cultural assets and organise events to attract more

foreign visitors to visit Qormi. Mr Azzopardi presented Dr Chris Said with a brief highlighting the concept behind the project to integrate the local community on a partnership basis with the aim to promote the area as a tourist attraction.

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*10th May*

### **MHRA President Meets Officials of Enemalta**

MHRA President George Micallef, Vice-President Tony Zahra and MHRA CEO George Schembri met Enemalta CEO Ing Karl Camilleri, CFO Antoine Galea and Financial Risk Manager Janice Mercieca to discuss the rising pricing of Thin Fuel Oil which is used by the accommodation sector. Mr Micallef highlighted the impact the rise in this oil is having on operational costs of the accommodation sector and MHRA wanted to explore how the price can be stabilised in order for the industry to be able to plan its operations in a smoother manner. Ing Karl Camilleri explained the methodology used in obtaining fuel oil and the only solution was for the sector to hedge its needs on a 12-monthly basis with all the ramifications that such a method brings with it. It was agreed that MHRA conducts a survey to assess the quantities that the sector uses and see whether it was worth going down this road to maintain price stability for the sector. Ing Camilleri stated that he would be more than willing to address MHRA members and explain how the hedging process works in order for the sector to understand the risks and benefits of hedging oil prices.

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*11th May*

### **Meeting with Deputy Director General of DG Enterprise & Industry Mr Daniel Calleja Crespo, at Dar l-Ewropa**

MHRA, Malta Chamber of Commerce, Gozo Chamber of Commerce, Malta Enterprise and GRTU were invited to Europa House in Valletta for a meeting with Mr Daniel Calleja Crespo, Deputy Director General of DG Enterprise and Industry together with Dr Joanna Drake, Director General DG ENTR responsible for SMEs and Entrepreneurship and Deputy Special Envoy of EU. Mr Calleja Crespo highlighted the work being conducted by DG Enterprise & Industry and key proposals to address SME matters. He highlighted the launch of the Small Business act as one example where simplification, easy access to finance and access to markets were the main goals of the act. The SBA aims to help SMEs by having a one-stop shop to cater for their needs within the public sector and by setting goals which aim for example at the setting-up a company in not more than 3 working days and not costing more than €100. Several tools are in place such as the Jeremie Scheme, to help SMEs easily access to finance which will help them move their business forward and tap into investment funds and venture capital. He also explained that SMEs need easy access to markets and DG Enterprise & Industry was developing tools so that they can market their products outside their territory, in other EU states and possibly also to other countries. He proposed also that each member state is to nominate an envoy (defender) for SMEs to evaluate government policies and how these were impacting SMEs. The envoy will need to be able to argue the SME case and report progress to the EU Commission.

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17th May

### **MHRA President Meets Hoteliers in St Paul's Bay/Bugibba/Qawra Area**

MHRA coordinated a meeting with hoteliers in the St Paul's Bay/Bugibba/Qawra area during which Mr. George Micallef, President of MHRA, highlighted the need for accommodation operators in the area to come up with ideas how to address seasonality problems. Invited for the meeting were also MTA CEO Josef Formosa Gauci and Mr Leslie Vella. Mr Micallef expressed his concern that over the last couple of years several accommodation establishments have resorted to closing down during the winter season. This in itself was having a negative effect on those that remained open since travel operators were shying away from promoting and booking visitors in the area during the lean winter months due to the fact that the area with so many establishments closed for the season was not very attractive to visitors. If the area becomes synonymous with summer business only, more visitors will shy away from the area in the lean winter months and eventually it will truly become a seasonal resort with the repercussions that this will bring. Mr Leslie Vella made a presentation on numbers and profile of arrivals in the area of St Paul's Bay /Bugibba/Qawra and their perception of services in the area through the ongoing survey conducted by MTA. This was followed by a discussion about the positive and negative aspects highlighted in the survey. Towards the end of the meeting Mr Micallef indicated that MHRA will send a set of questions to collect ideas and feedback on some of the issues raised during the meeting.

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19th May

### **Meeting of Ghadira Lido Operators at MTA**

At a meeting held at the Malta Tourism Office, Perit Kevin Fsadni and Dr Jesmond Schembri indicated that Government had been planning the proper organisation of Ghadira Bay for a number of years with respect to implementing better beach management, life guards, beach supervisors, etc. Over the years, the way that lido and kiosk operators have been operating has led to complaints and criticism from the public that no space was left for free use by them. Operators, on the other hand, objected to the fact that the concessions that they operated were small, unrealistic and badly placed. The MTA in conjunction with the Government Property Division and the Parliamentary Secretariat for Tourism, drew up an implementation pilot plan for summer 2011, whereby all those operators that place sunbeds and umbrellas on the beach would have the possibility of having a designated area for the placement of beach furniture for hire to the public while leaving designated areas free for anyone who wanted to bring his or her own beach furniture for the day. Perit Fsadni highlighted that the proposals also would not allow for the renting of furniture outside designated areas although this may change after the pilot period based on justified reasons, on condition that this will not lead again to abuse. It was agreed that MTA will send the proposals to the Lido Operators and these will give their reaction to them.

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23rd May

### **MHRA Meets the Malta Chamber of Commerce, Enterprise and Industry and Malta Employers Association**

The proposed revision of the COLA mechanism was the main point for discussion between the three constituted bodies. The meetings, held under the MCESD, with unions were not leading anywhere and it was agreed to ask for a meeting with Parliamentary Secretary Dr Chris Said being responsible for the MCESD. The Pension reform issue was also discussed at length and the three constituted bodies will suggest to government to go for the third pillar as early as possible since the second pillar was not acceptable to the employers' bodies.

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