



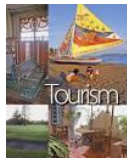
MALTA HOTELS
& RESTAURANTS
ASSOCIATION

INTOUCH

MHRA's e-Magazine

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In this issue:



Tourism – 15% of GDP

PAGE 1

Q2 2015 BOV – Deloitte Hotel Survey

PAGE 2-3



MHRA presents the Pre-Budget Document

PAGE 4/5

New Website

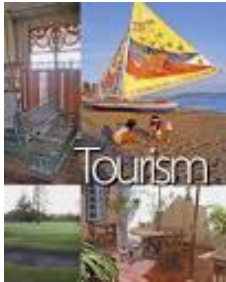
PAGE 5



Public Lecture

PAGE 5

TOURISM MAKES GENEROUS 15% SLICE OF THE GDP CAKE (ARTICLE BY THE TIMES OF MALTA)



Travel and tourism directly contributed to 14.7 per cent of GDP last year, placing Malta 13th worldwide when measuring the importance of the sector to the economy. The figure emerges from a report by the World Travel and Tourism Council, which is forecasting a four per cent increase in the sector's GDP contribution by the end of this year. Input from travel and tourism is estimated to total €1.2 billion this year. This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services. It also includes the activities of the restaurant and leisure industries and reflects government spending on services directly linked to visitors, such as cultural or recreational. Travel and tourism generated 28,000 direct jobs in 2014, accounting for 16 per cent of total employment, which is forecast to grow by 2.2 per cent this year to 28,500. By 2025, the sector will account for 37,000 direct jobs, the council predicted. Meanwhile, the total contribution of the travel and tourism sector, including indirect impact, to the GDP stood at 28.1 per cent last year – a figure predicted to rise by 2.7 per cent this year. The council is forecasting a 3.4 per cent yearly increase, which would mean the sector will make up 32.7 per cent of GDP by 2025. The indirect contribution includes the GDP and jobs supported by travel and tourism investment spending. This is an important aspect of both current and future activity that includes investment activity such as the purchase of new aircraft and construction of new hotels and government spending related to tourism marketing and promotion, aviation, administration, security services, resort area security and sanitation services. The total contribution to the GDP also includes domestic purchases of goods and services by the sectors dealing directly with tourists – including, for example, purchases of food and cleaning services by hotels, of fuel and catering services by airlines, and IT services by travel agents. On a global level, the sector faces challenges every year and this year is likely to be no different, the council's report says. The weakness and potential volatility of many currencies against the US dollar and a deep recession in Russia, a key outbound market, will slow outbound spending in line with slower world trade overall in 2015. However, falling oil prices will bring significant improvements for net oil importers in 2015, easing upward pressure on living costs, increasing disposable household incomes and domestic consumer spending, and lowering air fares. New destinations and investment opportunities will also continue to emerge as tourism becomes increasingly affordable across the developing world. This growth will require countries to adopt a concerted and coordinated approach to talent planning and development between their industry, governments and educational institutions to ensure they fulfil their potential in the years ahead.

In Numbers:

- 14.7% - the sector's direct contribution the GDP in 2014.
- 13 – Malta's ranking out of 184 counties worldwide for tourism's direct contribution to economy.
- 90.7% – leisure travel spending accounted for the bulk of direct travel and tourism GDP last year.
- 51,000 – jobs generated by travel and tourism last year.
- 62,000 – jobs expected in 2025.
- €1.3 billion – money spent by foreign visitors to Malta

QUARTER 2 – 2015 BOV – DELOITTE HOTELS SURVEY

Whilst the number of tourist arrivals continued to increase in quarter 2, the number of guest nights in collective accommodation decreased by 1.2% compared to the same period last year as more tourists opted for private accommodation and as the average length of stay continued to decrease.

Notwithstanding the slight decrease in collective accommodation guest nights, all hotel sectors reported increases in occupancy, albeit marginal. Rates on the other hand have continued to increase considerably, especially in the 5-star sector. Hotels in the 3-star sector reported significant improvements in non-accommodation income. All sectors reported between 7% and 8% increase in revenue per available room (REVPAR).

All the hotel sectors also reported increases in their overall cost base, particularly in terms of direct costs per available room attributable to an increase in direct costs. Energy costs were consistently reduced across the board.

Gross Operating Profit per available room (GOPAR) increased in all the hotel sectors.

On a year-to-year basis the number of guest nights in collective accommodation was up marginally at 1.5% although reported hotel occupancy was significantly better particularly in the 5-star and 4-star sectors (up 7% and 9.4% respectively).

Average Achieved Room Rates (AARR) are consistently up throughout the 6-month period and reported REVPAR improvements in the 5-star and 4-star segments are up 14%.

The YTD reported increases in expenditure are relatively consistent with those reported in Q2 except that the drop in energy costs is less significant due to off-setting increases reported in Q1.

YTD gross operating profits are reported to be up.

TOURISM ARRIVALS



GUEST NIGHTS



TOURIST EXPENDITURE



The Head Table



Mark Vella – Hd of Marketing & Business Development at VFM



David Bonett - Deloitte



Andrew Agius Muscat –
CEO MHRA



Tony Zahra – MHRA
President



Alexandra Grima -
Wasteserv



Part of the audience



Dr Alfred Quintano –
University of Malta



Sam Eric Ruttman

MHRA presents the pre-budget document to the Prime Minister

(report by the Malta Independent)



Prime Minister Joseph Muscat said today that Malta cannot have a 6-star hotel – as is planned – but have a 3-star environment surrounding it.

He said a number of localities need to be kept cleaner, not only those which experience a great influx of tourists and locals such as St Paul's Bay, St Julian's and Marsaskala.

Addressing Malta Hotels and Restaurants Association members during a meeting at Castille, Dr Muscat said that what needs to be discussed is the financing of the upkeep. He said that he would like to rope in the private sector.

The aim of today's meeting was for the MHRA to present a pre- budget document to the government.

Dr Muscat said Malta needed to be prepared for spikes in tourism. "We cannot have certain localities which cannot keep up with a huge volume of refuse which accumulates for instance when there's a sudden influx of tourists."

MHRA president Tony Zahra said the document – 'Beyond Growth Comes Development' – is not only aimed for the tourism sector his association represents but other sectors as well.

He said the aim of the document is to analyse what the situation will be in 20 years' time and not simply look at the short-term only.

"We have had record years in tourism and we are predicting another record year. That we know. But we need to look further than that," he explained, "including how the economic situation will affect our sector and other sectors".

Dr Muscat said that despite the good economic situation, the government cannot simply start spending like there's no tomorrow.

He said that the government needed to focus on quality tourist arrivals rather than just numbers.

MHRA presents the pre-budget document to the Leader of the Opposition

(report by the Malta Today)



The hotels and restaurants association has commended Malta's positive economic and employment growth rates but is challenging the sustainability of these achievements in the long run, focusing instead on the need for economic development. The MHRA presented a copy of its pre-budget document, 'Beyond Growth, the Role of Tourism, Manufacturing and Financial Services for Economic Development Vision 2030', to Opposition leader Simon Busuttil. 'Beyond Growth' seeks to

shift the debate from economic growth to economic development, which includes the aspirations of society in the economic, social and political fields. The document says compared to other European countries, the Maltese economy is performing well, with robust economic growth rates and low unemployment although the association recognises that not everybody's relative purchasing power is improving and some workers are experiencing a relative decline in their wages and conditions. However important economic growth is, the MHRA says Malta should start honing its national strategies and economic policy to move on to economic development. MHRA urges the government to gear the budget actions towards economic development. Key recommendations in the document

are highlighted at both macro and micro levels, including government and political support, continuous development of the human capital, investment in infrastructure, improved access to credit and better accessibility. In his reaction, Dr Busuttil dwelt on the future of Air Malta, the impact of the cost of energy and fuels, and security in the country, particularly in view of the visa and residence permit abuses.

NEW WEBSITE



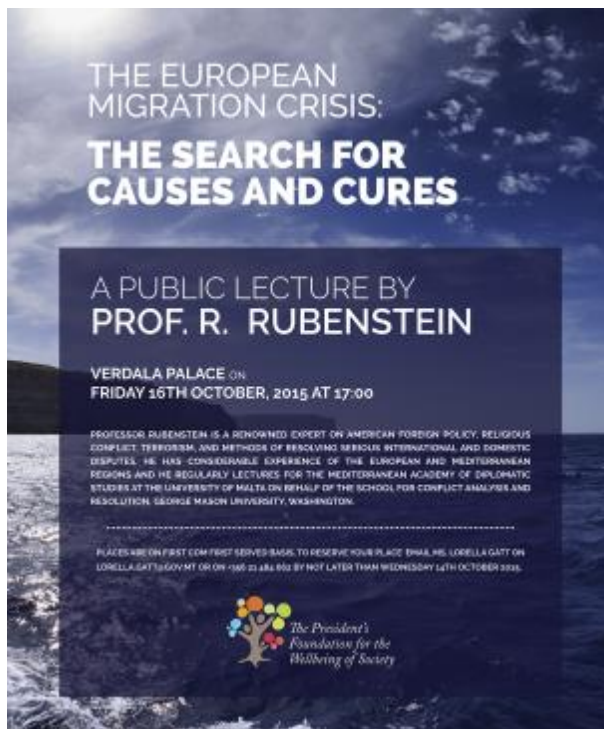
The MHRA has launched a new website. Keep abreast with all the news, events, industry news, latest reports etc. Visit: www.mhra.com

FAREWELL TO A COLLEAGUE:



After four years at MHRA, Ms Hortense Zammit has sought pastures new. I join the President, Council and the management team to thank her for her services and to wish her all the success in her new endeavours.

PUBLIC LECTURE: THE EUROPEAN MIGRATION CRISIS





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MALTA HOTELS & RESTAURANTS ASSOCIATION



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