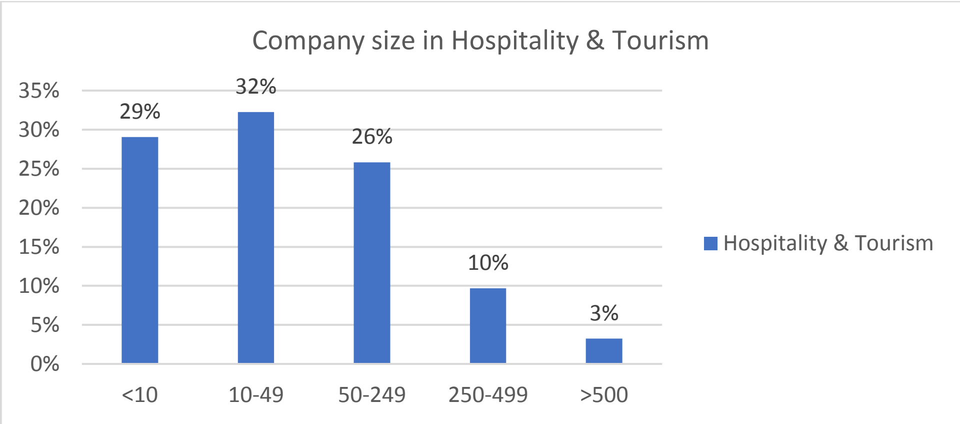
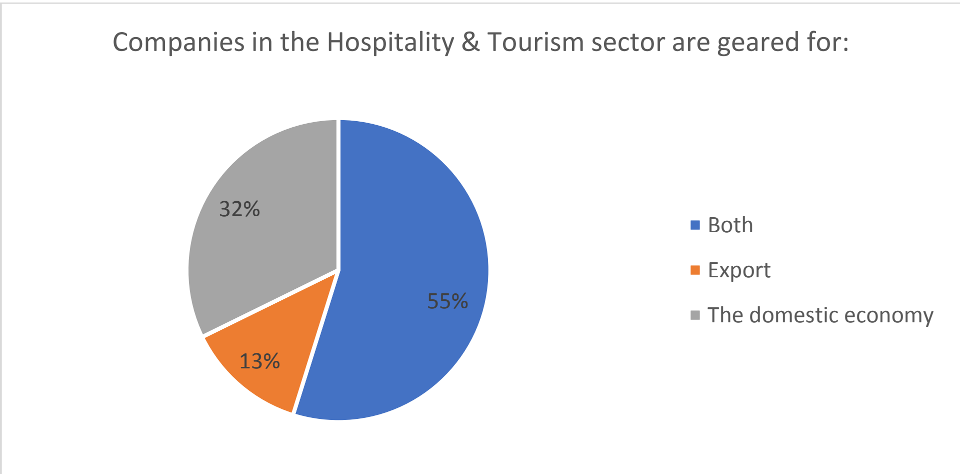
Sector D: HOSPITALITY & TOURISM

The hospitality and tourism sector represents 13% (31 companies) of survey respondents.

29% of companies within the hospitality and tourism sector employ less than 10 employees, 32% employ between 10-49 employees, 26% employ between 50-249 employees, 10% employ between 250-499 and 3% employ more than 500 employees.

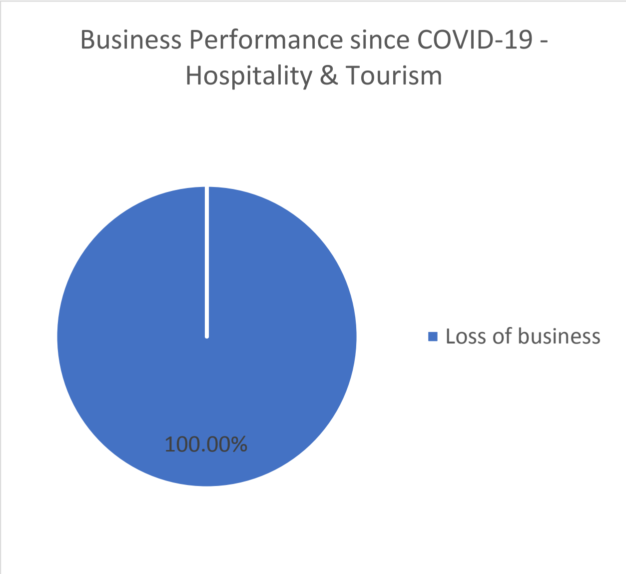


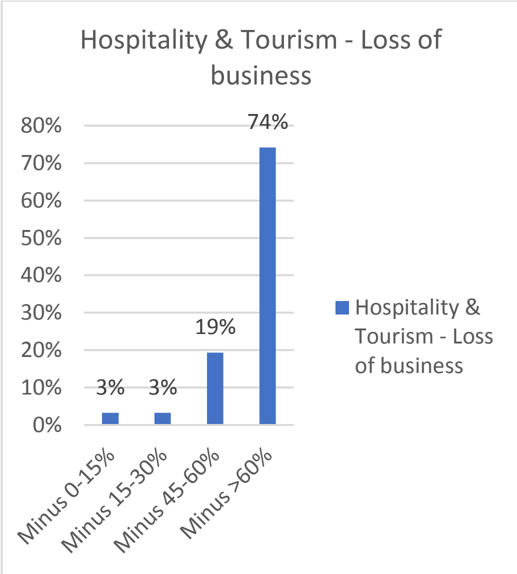
32% of survey respondents in the hospitality and tourism industry are geared for the domestic economy and 13% are geared for export. 55% are geared for both the domestic economy and export.



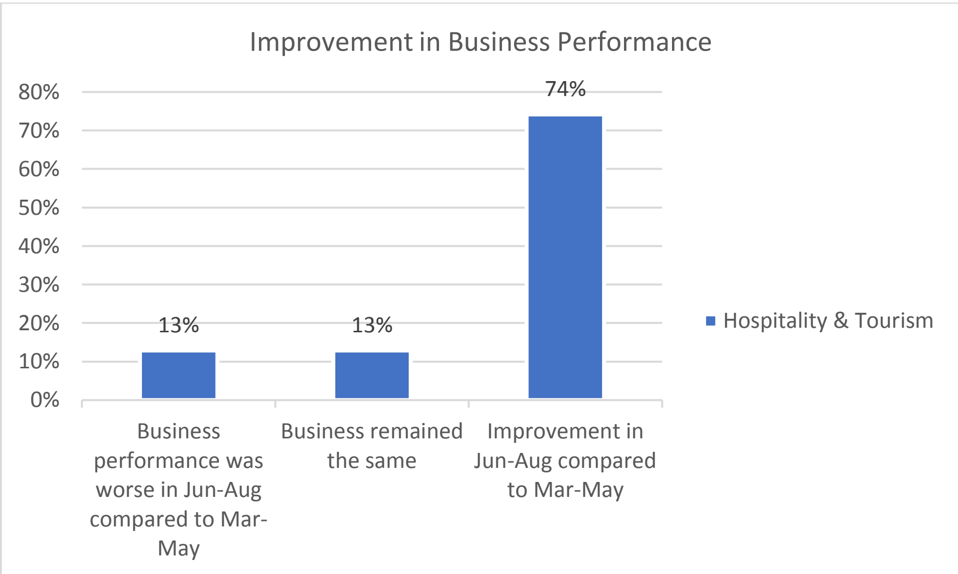
D 3.1.1 Effect of COVID-19 on Business Operations

When asked how the COVID-19 pandemic affected business, 100% of survey respondents in the hospitality and tourism industry stated that they had a loss of business. 3% reported a loss between 0-15%, 3% between 15-30%, 19% between 45-60% and 74% more than 60%.



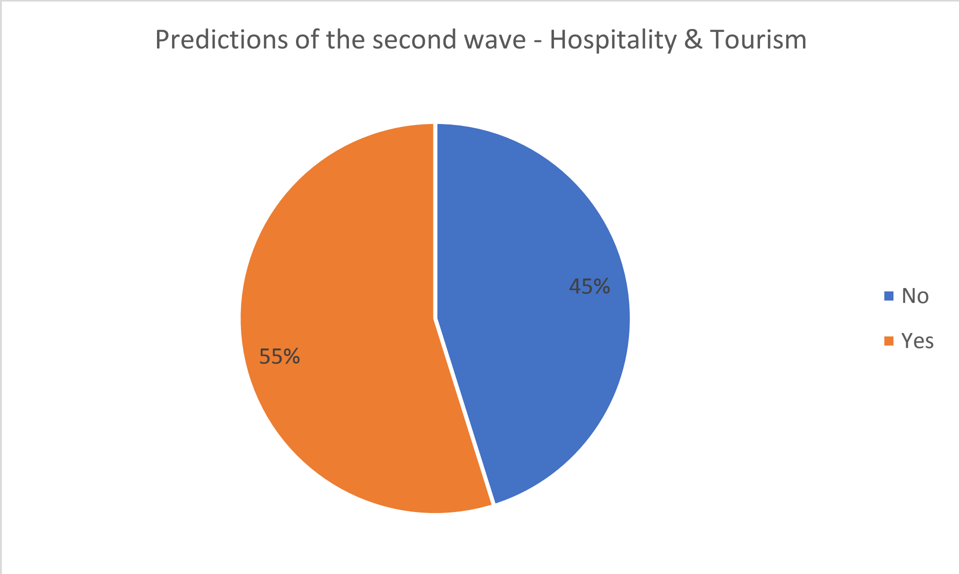


74% of survey respondents in the hospitality and tourism sector have seen an improvement in their business operations between Jun-Aug when compared to Mar-May. 13% of companies stated that their business remained the same and 13% of companies stated that business performance had worsened in Jun-Aug.

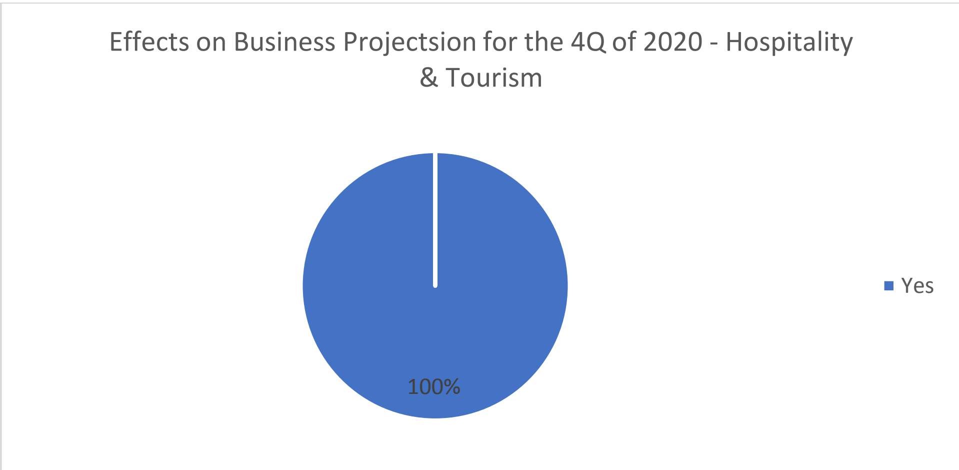


D.3.1.2 Predictions & Effects of the Second Wave

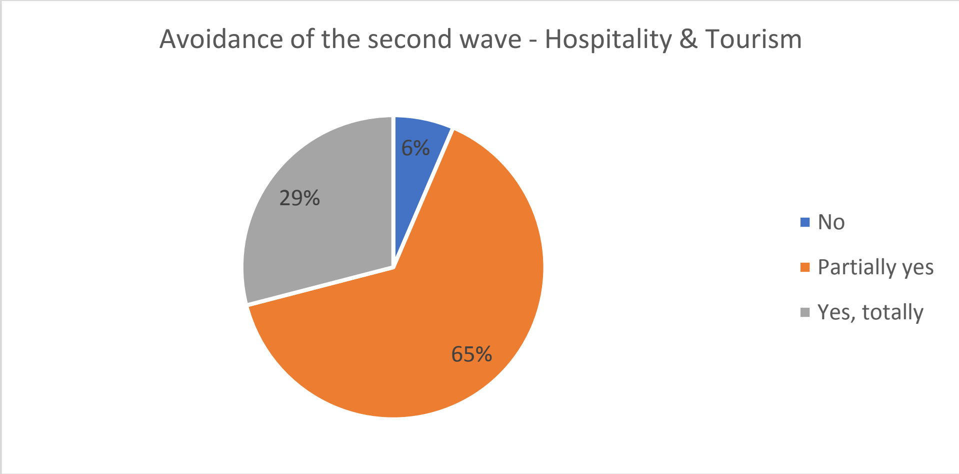
55% of survey respondents in the hospitality and tourism industry claimed that they have foreseen a second wave following the increase in Covid-19 cases on the 20th July. The other 45% claimed that they did not foreseen it coming.



All survey respondents claimed that the second wave affected their business projections for the fourth quarter of 2020.



Comments from the hospitality and tourism sectors show that most companies had a drastic decline as tourists stopped booking. Tourists started to return in July, but new spikes and travel restrictions from foreign countries caused for a decline in incoming tourists. Uncertainty of what may happen is the main concern for a lot of companies in this sector.

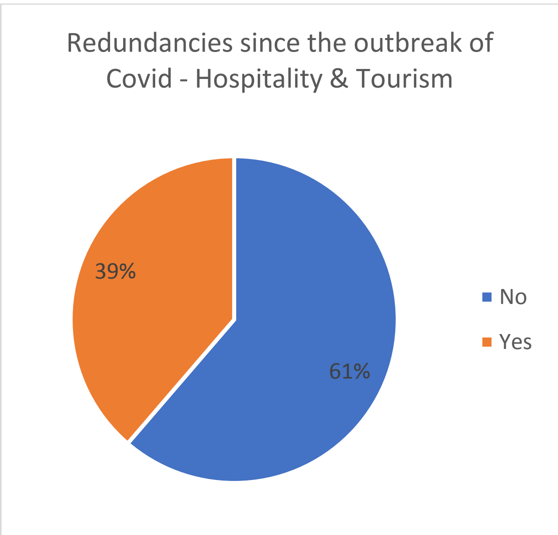


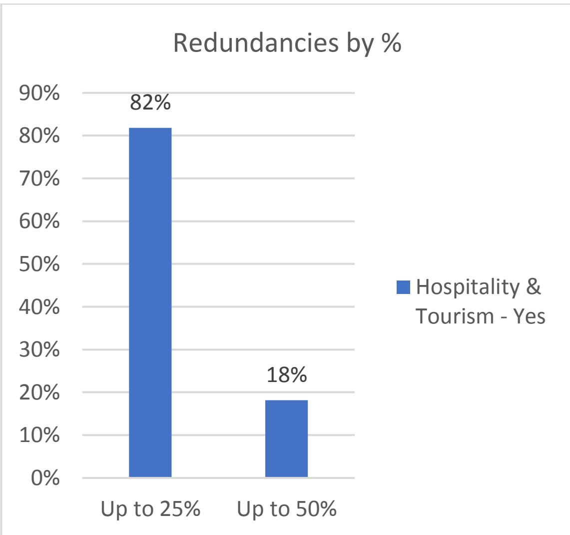
29% of survey respondents from the hospitality and tourism sector claimed that the second wave could have been entirely avoided, and 65% claimed that it could have been partially avoided. Only 6% of survey respondents from this sector claimed that the second wave could have not been avoided.

Survey respondents from this sector blame the increase of the second wave on the opening of mass events and lack of airport control. Some stated that the situation could have been better managed by testing tourists prior to coming to Malta. The opening should have been done gradually and every phase should have been tested prior to opening further areas.

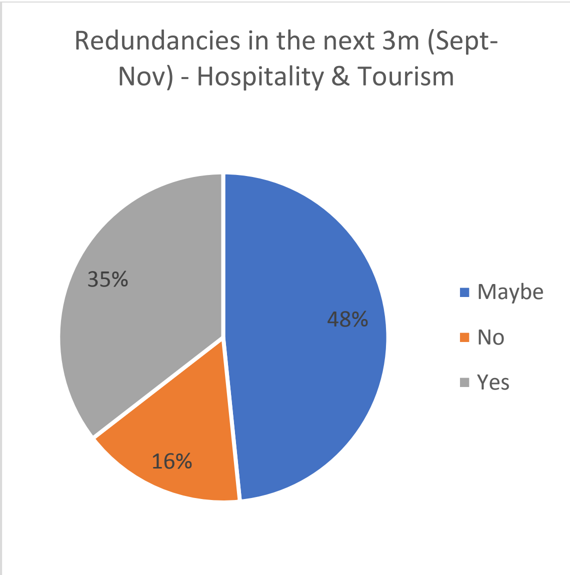
D.3.1.3 Redundancies

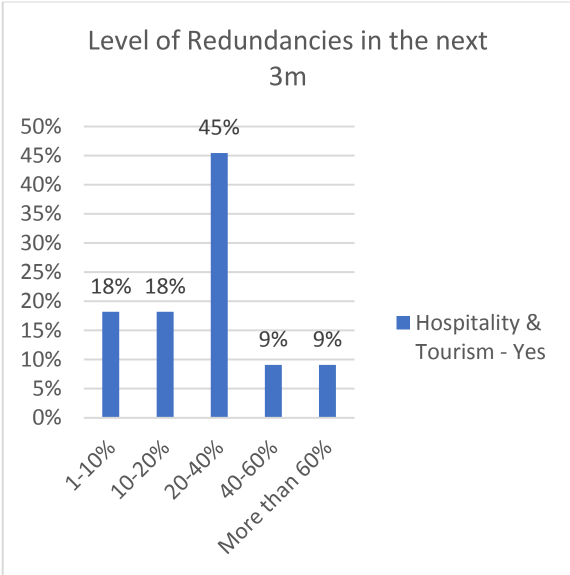
Since the outbreak of COVID-19, 61% of survey respondents in the hospitality and tourism industry did not do any redundancies. 39% have made some redundancies, out of which 82% made redundancies up to 25%, and 18% by up to 50%.



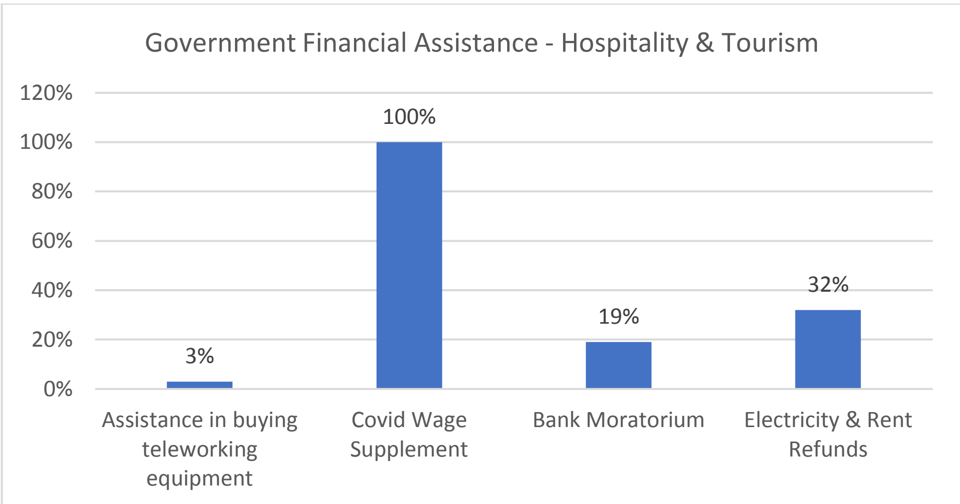


When asked about the expected reduction in labour force from current levels in the coming 3 months (Sep-Nov), 16% of respondents from the hospitality and tourism industry stated 'No', 35% stated 'Yes' and 48% are 'Still Undecided'. Out of those that answered in the affirmative, 18% are forecasting between 1-10% loss; 18% are forecasting between 10-20% loss; 45% are forecasting between 20-40% loss; 9% are forecasting between 40-60% and another 9% are forecasting a loss of more than 60%.





D.3.1.4 Financial Assistance by Government

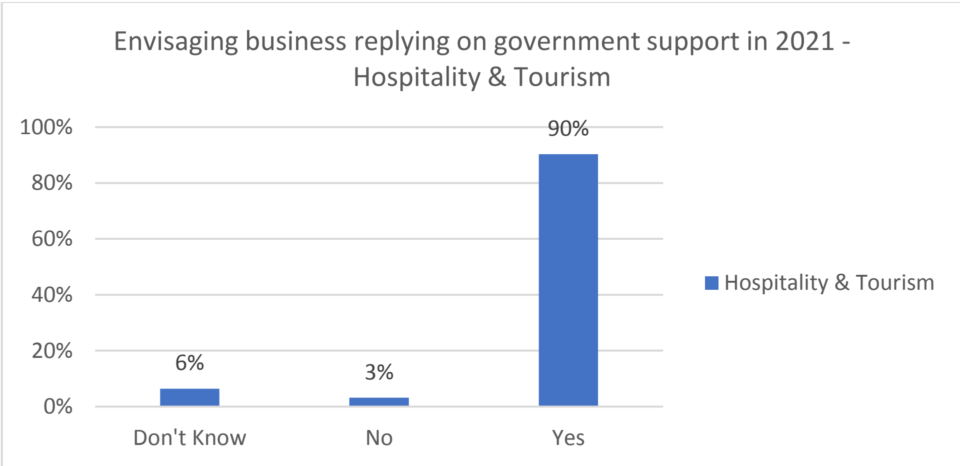


All survey respondents in the hospitality and tourism industry are benefitting from the Covid Wage Supplement. 3% have applied for assistance to buy teleworking equipment, 19% have applied for bank moratoriums, and 32% have benefitted from the electricity & rent refund scheme.

Recommendations for government in providing additional support in Q4 2020, from the hospitality and tourism sector include the below:

- Extension of the COVID wage supplement
- Re-issue a number of vouchers to locals
- Providing grants for new investments
- Extension of the Rent and Electricity Refund schemes
- Bank moratorium to at least March 2021 and extension on deferral payment of taxes
- Reduction on VAT rates
- Ensuring there is a short-term and long-term tourism policy so businesses can plan accordingly

These comments are placed in order of priority by survey respondents.

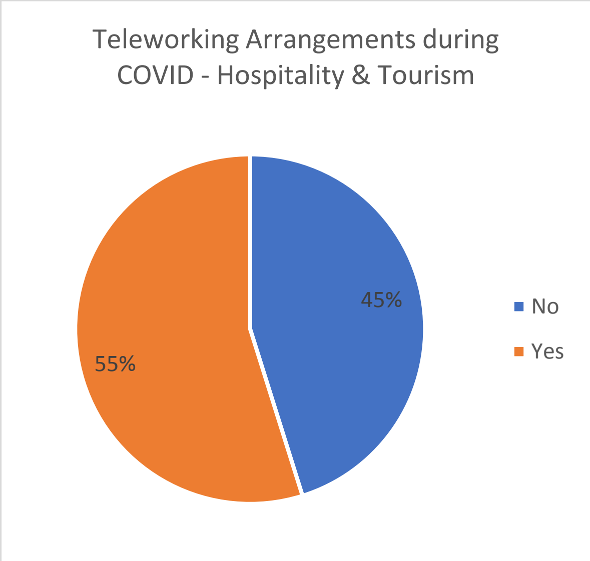


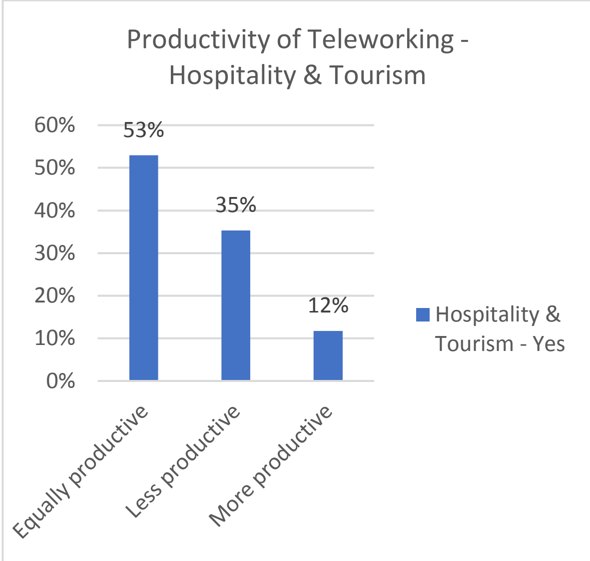
90% of survey respondents in the hospitality and tourism sector envisage relying on government support in year 2021. 3% of respondents claimed that they will not be relying on government supports and 6% are still uncertain.

Some stated that directly or indirectly this will make or break businesses. Companies within this sector are working on losses and if government's assistance will be provided further, many will be opting for collective redundancies. Until confidence to travel is restored and a vaccine is made available, it will be unlikely that the tourism and hospitality industry will show any recovery. On a global scale, tourism is estimated to take several seasons to return to pre-COVID levels.

D.3.1.5 Teleworking Arrangements

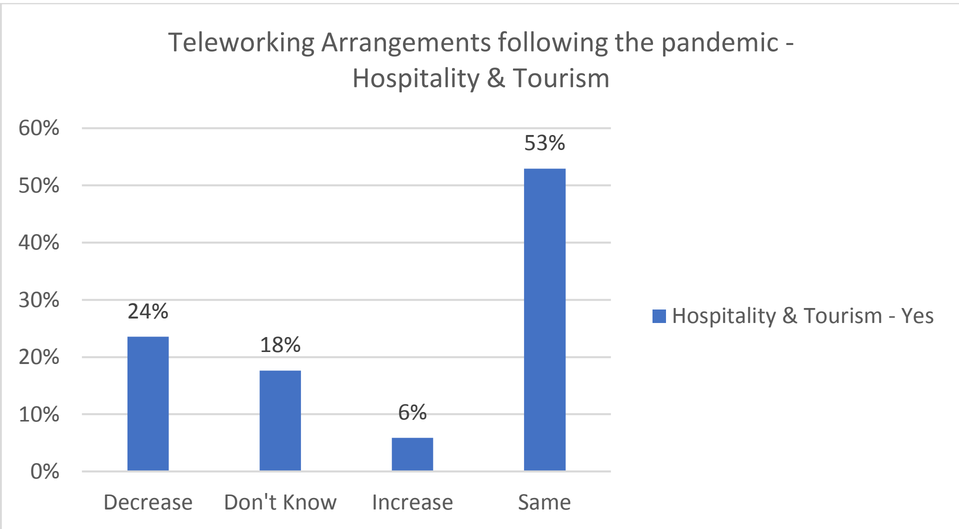
55% of survey respondents in the hospitality and tourism sector claimed that they have made used of teleworking arrangements during COVID. The other 45% have not.





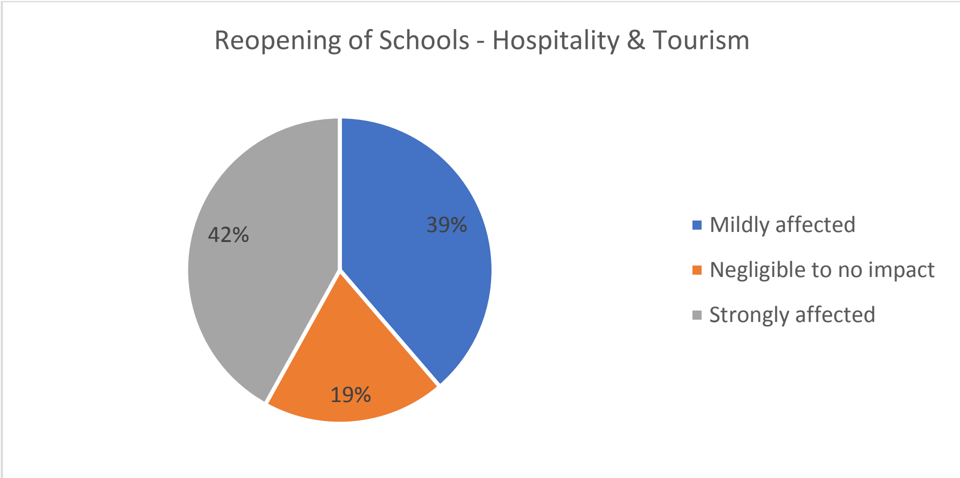
From companies that made use of teleworking arrangements, 53% stated that employees have been equally productive, 35% stated that employees have been less productive and 12% stated that employees have been more productive.

53% of survey respondents stated that it will remain with the same teleworking arrangements as this is possible for their line of work. 24% stated that teleworking arrangements will decrease following the pandemic. Some companies prefer having the team working in one office, while others stated that teleworking is very limited to their industry as they meet face-to-face clients. 6% stated that they might actually increase teleworking arrangements where this is possible. 18% are still uncertain. Some companies might also adopt a hybrid system where they split between office and home working arrangements.

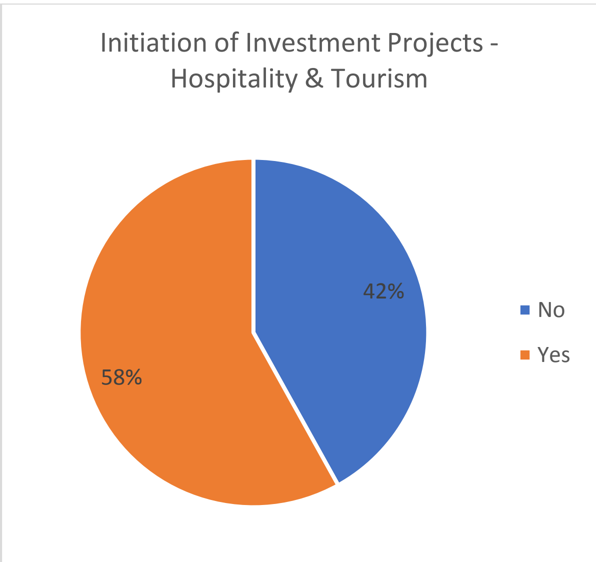


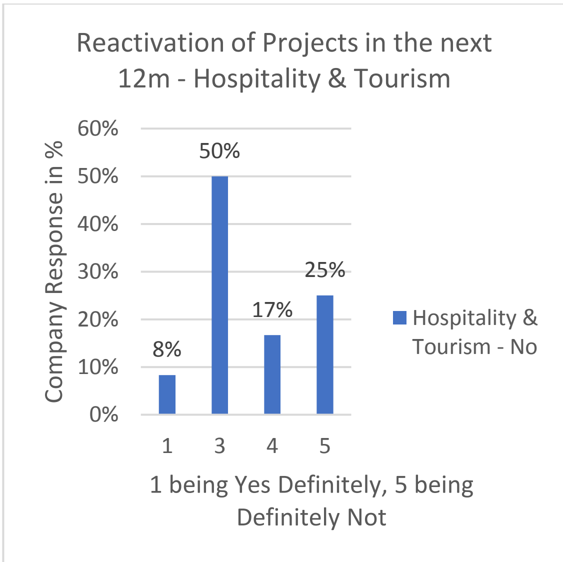
D.3.1.6 Reopening of Schools

42% of survey respondents in the hospitality and tourism sector stated that their business operations will be strongly affected with the reopening of schools, while 39% will be mildly affected. 19% of respondents will have no impact.



D.3.1.7 Initiation of Investment Projects





58% of survey respondents in the hospitality and tourism sector have initiated investment projects that have been postponed due to COVID-19. However, the other 42% have not initiated any projects.

Half *50%) of those that have not initiated their projects are not certain whether they will do in the next 12 months. 8% are likely to initiate and 42% are not likely to initiate.

D.3.1.8 Major employment related matters faced by the Hospitality & Tourism Sector

When asked about major employment related matters that are affecting businesses in the hospitality and toruism sector due to the current situation, companies mentioned the below comments:

- General sense of instability, job security, motivation of employees
- Reduction in working hours, wages, reduction of working weeks and redundancies
- Lack of skilled workforce
- Fluctuating hours of work
- Lack of income, no sales, no revenue
- Lack of patrons, guests and foreigners
- Parents' at work if re-opening of school is not the same

D.3.1.9 Recovery of Business

Whilst 3% of businesses have already reached pre-COVID levels, most businesses in the hospitality and tourism sector that have participated in this survey require more than year (78%) to recover to pre-Covid levels. 10% are perceiving a recovery between 4-8m and 10% are perceiving a recovery between 8-12m.