

MEMORANDUM BY THE HON. MINISTER OF TRADE,  
INDUSTRY AND AGRICULTURE

Electricity Tariff Chargeable to Hotels

This Ministry has received very strong representations from the Hotels Association on electricity charges and has asked that hotels be classified as industrial establishments for the purpose of allowing them the benefit of cheaper tariffs for their consumption of electricity.

According to the Electricity Supply Regulations, hotels are at present classified as commercial premises (Reg. 34 (2) ), and as such they are charged the commercial tariff which is:-

- /5½d. per unit for a first block of units
- /2d. per additional unit thereafter

whereas if they were to be classified as industrial premises they would be charged as follows:-

- /1½d. per unit, and
- either the yearly rate (£6 per year per kw.)
- or the quarterly rate (£2 5s. per quarter for winter and £1 10s per quarter for summer) of the Maximum Demand.

In order to help commercial establishments, the Malta Electricity Board had adopted a resolution that if a commercial consumer (such as a hotel) would guarantee a minimum annual consumption of 1,000,000 kwh he would be allowed the option of being charged the industrial tariff. On the basis of this resolution - which, as it transpired later, had not yet been endorsed by the then Minister of Agriculture, Power and Communications - an offer was made to the Hilton Hotel, then in course of construction.

The amendments to the Electricity Supply Regulations that would have had to be made in the light of the Malta Electricity Board resolution were not proceeded with. At the same time the Malta Electricity Board reconsidered the whole matter and because of rising costs decided to revoke their earlier resolution.

The position is now that on the one hand hotels are still classifiable as commercial premises and charged accordingly and on the other the Malta Electricity Board are not in a position to recommend any measures that might result in a decrease in their revenues.

This Ministry is naturally inclined to the view that all possible help be afforded to hotels since these provide employment for a considerable number of workers and it is a moot point whether after all an hotel should not be classified as an industrial establishment; on the other hand it is not this Ministry's wish to burden unduly the Malta Electricity Board who maintain that hotels can quite easily absorb the costs of electricity in the rates they charge to their customers at the same time it is difficult to resist the argument that such heavy consumers should be allowed the industrial rate.

In the light of the above, Hon. Ministers are asked to decide whether it is desirable that all hotels should be allowed the benefit of being charged the industrial tariff for electricity consumption.

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