

Cry Of Despair From The Hotel Industry

“Hotel Industry In Serious Need Of Immediate Rescue”

Wisma MAH, Ampang (5 Feb 2021) – Ever since the second Movement Control Order (MCO) was implemented in early January, and with its number of Covid-19 cases reported increasing daily, more hotels were reportedly closing, or planning to close. This is the harsh reality of the industry where to date, unofficially more than 100 hotels had ceased operations since March 2020 affecting over 7,000 employees directly, and more indirectly with the rest either on a prolonged pay-cut or unpaid leaves.

A recent video of a Hotel Manager selling the hotel's food on the roadside of a popular hawker area made headlines but this is just one of the many that had resorted to scaling down in desperation, barely enough to cover expenses and payroll of employees. Economists on a wider scope would question the impact this places on the already congested market of food service, restaurants and hawkers. But again this is the harsh reality on the ground.

Even before the MCO was extended, now to 18 February 2021, the Malaysian Association of Hotels (MAH) since early last year 2020, had had multiple and continuous engagements with the Ministry of Tourism, Arts & Culture (MOTAC), planning ahead not only for short term needs, but also mid to long term strategies. A detailed white paper on Tourism & Hotels were presented to the Tourism Board with various proposals including additional assistance to the industry as well as a 6-phase border reopening plan to allow the industry to receive international tourists again in stages.

The second MCO since early January 2021 robbed the industry of any hopes of recovery this year, and the industry is set to lose at minimum, RM300 million in revenues averagely for every two weeks of MCO, after losing an estimate of RM6.5 billion last year. Immediate help is needed to keep hotels afloat, and MAH after submitting a 19 point proposal of immediate assistance for the hotel industry to the Government, presented them in an emergency meeting with MOTAC on 4 February, Thursday.

While some of these are long outstanding proposals that the industry had submitted before, they are of utmost urgency considering the worsening current situation.

1. Wage Subsidy Program (PERKESO) - Immediate revision to 50% subsidy for employees with wages up to RM4,000 and 30% subsidy for those up to RM8,000 per month. WSP to be extended for another SIX months (till September 2021).
2. Wage Subsidy Program (PERKESO) - To resolve current delays, hotels that had applied but have yet to receive the funds.
3. Electricity (TNB, SESB, Sarawak Energy) -Immediate increase of discount from 10% to 50% for hotels, up to September 2021.
4. Electricity (TNB, SESB, Sarawak Energy) -Reclassification of electricity tariff for hotels as Industry Tariff E2 instead of commercial Tariff C2.
5. Electricity (TNB, SESB, Sarawak Energy) - Waiver on maximum demand & other charges or penalties, as well as allowing deferred payments or instalments on outstanding charges.
6. Water - Discount of 50% for water bills up to September 2021.
7. Sewerage (Indah Water) - Discount of 50% for sewerage charges up to September 2021.
8. Discounts on Telecommunication & Internet services (TM, Maxis, Digi, Astro etc) - 50% on subscribed fees, and allowance for temporary suspension with no penalties.
9. Employees Provident Fund (EPF) - Temporary reduction in Employers' contribution by 5% up to September 2021.
10. Banks & Financial Institutions (Bank Negara)- Automatic Loan Moratorium for hotels and employees up to September 2021.

11. Quit Rent / Assessment (Local Govt / KPKT) - 50% discount across to be recommended to all State / Local Governments for all hotel properties.
12. License Fees (Local Govt / PBT) - Waiver of all license fees especially for all categories applicable for hotels (hotel license, restaurant, pub / lounge, entertainment etc).
13. Movement Control SOPs (MOTAC / MKN) - To allow meetings to be held at hotels with maximum 50% capacity with physical distancing and strict SOPs including screening and contact tracing, and to have Government meetings held at hotels.
14. Tax Waiver (MOF) - Tax waiver for full payments made before 30 June 2021 for advance hotel bookings, room stay, meetings, conventions, events or others to be utilised by 31 December 2021, tax waiver of up to RM5,000 for individual or 1% of turnover (or up to RM100k) for corporate / companies.
15. Special Relief Fund (MOF / Bank Negara) - Low interest soft loan at maximum of 3% interest rate for hotel businesses, up to RM2 million.
16. Business Diversification (Local Govt / PBT) - To allow hotels to diversify into related businesses within its compound without the need of additional licenses or permits (example: food stalls, retail etc).
17. Music Royalty Fees (KPDNHEP / MyIPO) - Govt to subsidise 50% of music royalty fees for year 2021 imposed on hotels by licensed bodies or LBs (MACP, PPM, RPM). These fees are imposed per hotel room, per F&B outlet and additional by number of seats, convention areas, lobby etc.
18. Sales & Services Tax (RMCD / MOF) -extension of SST waiver for hotels up to December 2021.
19. Tourism Tax (MOTAC / MOF) - extension of Tourism Tax waiver till June 2022.

“The tourism and hotel industry employs 3.6 million persons and is one of the main contributor to the country’s economy and the people, and must not be allowed to collapse. We must be ready for recovery and maintain our tourism capacity as well as competitiveness in the region,” said Dato N Subramaniam, President of MAH.

The association also proposed to the Government to place tourism and hospitality workforce onto the immunisation program’s priority list after front-liners alongside high risk groups, to prepare and assure the world that Malaysia is ready to receive international tourism once the borders reopen.

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