LOOKING FORWARD TO PRIHATIN TAMBAHAN FOR TOURISM

"Government Recognises the Needs of SMEs, Now Let's Look at Tourism"

Wisma MAH, Ampang (6 April 2020) – An additional RM10 billion to help Small Medium Enterprises (SME) saw the Government allocating increased assistance based on size of businesses in the form of higher wage subsidy. The announced structure looks positive and would alleviate the burden of cashflow on SMEs especially on payroll but the blanket subsidy does not address industries that are directly impacted with the situation, more than others. There is a need to look at the tourism and perhaps a special package specifically for tourism stakeholders.

"The reason for this is simple, tourism is hit twice as hard if not three times more than any other industry. A generic economic stimulus package that helps all is obviously not enough to keep tourism afloat," said Yap Lip Seng, Chief Executive Officer of the Malaysian Association of Hotels (MAH). Making reference to earlier reports released by MAH, the hotel industry lost almost RM76 million in cancellation of bookings and more in future demand. To add to that, four weeks of Movement Control Order (MCO) is equivalent to over RM1 billion in loss of revenue for hotels.

"Our survey shows average occupancy levels dropping to 25% and less in the coming months and we do not expect it to improve at least for another six months. If we study the demographics of Malaysia's tourist arrivals in 2019, the top three arrivals being Singaporeans, Indonesians and Chinese took 64% of the total arrivals, and that is the minimum percentage of business we are losing or lost for year 2020," Yap added.

In general hotels are not expected to make any profits with occupancy lower than 40%, depending on its business model and the hotel industry of Malaysia is not on track to even reach 30% for year 2020 if the situation persists. In the past two weeks the industry already received reports of hotels closing down permanently due to economic pressures, and more might be forced to do the same in the next few months.

MAH had earlier submitted its proposals to the Minister of Finance, among others suggesting a tourism industry wage subsidy of minimum RM1,000 per employee with pay less than RM4,000 or 50%, that is of similar mechanism with the United Kingdom and Canada of up to 80% subsidy. For employees with monthly wages of RM4,000 to RM8,000, MAH proposed a 30% subsidy for up to six months.

"There are a couple of other proposals that are specific for tourism and hotel industry, these are not being considered or touched in this Prihatin Tambahan announcement and we are guessing that there will be another just for tourism," Yap putting hopes in the Government after they met both the Minister of Finance and the Minister of Tourism, Arts and Culture on 31 March 2020 a week before.