

Hotels deserve the mess: PM

By FAUZIAH HAJI ISMAIL

THE hotel industry — currently feeling the pinch of a sharp drop in occupancy — deserves the mess it is in, said Prime Minister Datuk Seri Dr Mahathir Mohamad.

When the industry experienced a serious shortage of rooms, the big hotels made huge profits by increasing their rates even though the government had appealed against such a rise.

"Now they have to reduce their rates to be competitive with the other existing and upcoming hotels."

In his opinion, the current difficulties faced by hotels could have been avoided if they had heeded the government's appeal not to raise their room rates.

Dr Mahathir said besides the problem of filling up rooms, the hotels were also facing the problem of high operating costs.

"And at the same time,

Hotel employees in the big hotels are seeking higher wages in the belief that the high room rates had enabled the hotels to rake in huge profits," he said.

Dr Mahathir delivered this severe reprimand to the hotel industry when he performed the toppling-off ceremony for the Pan Pacific Kuala Lumpur hotel in Kuala Lumpur yesterday.

He said what the government asked of hotels at the time was in the interest of the people and the country and not for any specific group.

Dr Mahathir hoped that Seri Pacific Corporation, owners of Pan Pacific Kuala Lumpur, would charge moderate rates.

"The Malaysian Airline System (MAS), which is one of the partners in the venture, should also work hard to ensure its success," he said.

Dr Mahathir hoped that Pan Pacific Kuala Lumpur would be able to

compete with the existing big hotels and those that are to be opened in the city.

He was pleased that work on the hotel was on schedule. It is expected to be ready for its owners in September — 20 months from the day construction started.

Dr Mahathir said the government was aware that local contractors were not happy with the government's practice of awarding major projects to foreigners.

He explained that the foreigners were awarded projects because local contractors still used traditional and outdated methods.

"Because of this, work could be delayed and construction may be behind schedule. This might result in building costs being doubled," he said.

"Pan Pacific Kuala Lumpur hotel, for example, was behind schedule in the initial stages but due to the availability of

skilled manpower, work had been put back on schedule."

Dr Mahathir was also glad to note that local contractors were beginning to rectify their weaknesses and were now able to put up buildings efficiently.

He added it was meaningless to talk of transfer of technology if people were not prepared to accept it.

Chairman of the Seri Pacific Corporation Datuk Abdul Rahim Abdul Rahman said room rates will range from \$100 a night for a single room to \$1,300 for a suite.

The hotel is co-owned by Umno (30 per cent); Hatibudi Sdn Bhd, which is a subsidiary of Umno (30 per cent); Tokyu Hotels International (19 per cent); the Malaysian Airline System (11 per cent) and KRC Holdings (10 per cent).

All the co-owners make up the Seri Pacific Corporation.

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