

# Invest, Dr M tells hotels

13 DEC 1991

**KUALA LUMPUR:** Lack of investment within the hotel industry can stifle the tourist industry, retard economic growth and affect the inflow of foreign exchange, Prime Minister Datuk **Seri Dr Mahathir Mohamad** said last night.

The Government was concerned that the hotel industry's narrow views would result in the cost of living going up and in the end everyone would feel the bad effects, he said.

Opening the five star Crown Princess **Hotel** in **Jalan Tun Razak**, the prime Minister, said the Government provided a big allocation for tourism promotion and the profits that accrued went to the hotel industry as most hotels

received tax-exemption.

He said the Government had allocated \$100 million each year just for promotions.

"Yet certain people in the hotel industry still question the Government's sincerity in promoting the tourism industry," he said.

He said their lack of faith in the Government's notice could be seen from the inadequate investment in hotels especially in Kuala Lumpur which was facing a shortage of hotel rooms.

"Refraining from investing because they already owned a hotel and the feeling that shortage of rooms will bring bigger profits is shallow thinking," he said.

"It's true at one time because of rapid development of hotels

there was a glut.

"But in the last two years, there has again been a shortage of rooms but no increase in the number of hotels particularly in Kuala Lumpur which is continuing to experience a shortage of hotel rooms," he said.

Dr Mahathir also criticised hotels which raised rates as this would cause their costs to go up.

"When there is a drop in the number of guests, hotels will stand to lose for once when costs go up it will be very difficult for them to bring them down," he said.

The Government felt that once there was 70 per cent room occupancy, additional rooms should be built as the hotel was then

making profits.

The Prime Minister also stressed that the importance of good service and added that the best hotels were found in the East where people were renowned for their service.

He also cited the example of Pan Am which had to close due to too many demands by its staff.

"Air hostesses who were more than 50 years old were still employed and they in turn gave poor service and other staff asked for salary increases without considering the company's income.

"What happened to Pan Am can happen to any airline or big hotels which forget to provide good service to customers," Dr Mahathir said.