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Package-Reaction (Hotel)

MEASURES WILL EASE HOTELIERS' CASH-FLOW PROBLEMS

KUALA LUMPUR, May 21 (Bernama) -- The measures contained in the economic package unveiled today would ease the cash-flow problems faced by hoteliers, President of the Malaysian Association of Hotels (MAH), Mohd Ilyas Zainol Abidin, said here today.

"With such measures we are in a better position to adjust our cash flow," he said when contacted by Bernama.

Prime Minister Datuk Seri Dr Mahathir Mohamad announced the new strategic economic package worth RM7.3 billion to bolster the economy and help industries affected by the Severe Acute Respiratory Syndrome (SARS) outbreak.

The SARS outbreak has severely affected the tourism industry, especially hotel operators and travel agents, and the business sector, and to assist them the government came out with immediate measures aimed at reducing their costs of doing business.

These include providing a five percent discount on monthly electricity bills to hotel operators from June 1 to Dec 31 2003, reducing Employees Provident Fund (EPF) contribution by employees to nine percent from 11 percent for one year beginning June 1, 2003 and exempting service tax for hotels and restaurants from June 1 to Dec 31, 2003.

Mohd Ilyas said that hotel operators were badly hit by the SARS outbreak and the war in Iraq, which had reduced their revenues.

"We hope with this economic package, we can still save the situation," he said.

He said that the five percent service tax exemption, in particular, would spur consumers to organise more functions at hotels.

Mohd Ilyas said the occupancy rate for hotels dropped gradually during the first 15 days of May this year to 40.02 percent from 65.42 percent in the same period last year. In April this year the occupancy rate stood at 41.65 percent.

MAH members lost some RM52.8 million in revenues in the first 15 days of May, he said.

He also said that MAH was working together with Tourism Malaysia, Malaysia Airlines and Malaysian Association of Tour and Travel Agents (MATTA) to promote domestic tourism by formulating special travel or hotel packages.

Meanwhile, MATTA president Tunku Datuk Seri Iskandar Tunku Abdullah described the package as a positive move.

It was in line with the proposal made by MATTA four weeks ago to the government listing 10 points to help the affected industries, including providing soft loans, he told Bernama.

At that time the government was told that SARS and the war in Iraq had affected 800 of the 1,650 travel agencies.

Tunku Iskandar suggested that the government review the industries' performance during the given time period and to consider extending it where possible.

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