



# PAKISTAN HOTELS ASSOCIATION

(REGISTERED WITH THE MINISTRY OF COMMERCE, GOVERNMENT OF PAKISTAN)

## PHA Secretariat Report to the Executive Committee on matters / activities for the period October, 2019 to June, 2020:

1. **8 – 10 October, 2019:** As per each year's practice, Association actively participated in Pakistan Travel Mart 2019 held at Karachi Expo Centre as an Exhibitor. Event was organized by M/s. Landmark Communications.
2. **3 – 5 December, 2019:** Pakistan Hospitality Show was held at Karachi Expo Centre, organized by M/s. Badar Expo Solutions with their business partners, M/s. Employers Federation of Pakistan, being their first Hospitality Show held successfully, whereby all stakeholders of Travel, Tour and Hospitality Industry actively participated.
3. **December 21, 2019:** The Executive Committee of PHA was held at Regent Plaza Hotel Karachi, attended by EC Members from Islamabad and Karachi and members from hotels also, whereby core issues of hotel industry were discussed and decisions were taken to redress these issues.
4. **February 20, 2020:** PITHM - Pakistan Institute of Tourism & Hotel Management's 53rd Board of Governors Meeting held at 2.30pm under the chair of Mr. Ghulam Akbar Laghari, Vice Chairperson BOG / Secretary Culture, Tourism and Antiquities Department, Government of Sindh. Meeting was attended by M.D. STDC, Secretary General, Pakistan Hotels Association, representatives of Travel Agents Association, Chamber of Commerce, Higher Education Commission of Pakistan and Secretary Board PITHM.

### COVID-19 Outbreak:

Amidst the COVID-19 pandemic, Hotels operations were completely closed across Pakistan due to forced lock down necessitated by the COVID-19 pandemic and hospitality sector has suffered colossal losses on accounts of lockdown enforced by the government from March, 2020. To find a solution and to come out of this critical situation, Pakistan Hotels Association Chairman, Vice Chairman, Executive Committee and other prominent members held various meetings with the concerned authorities, i.e.

5. **March 19, 2020:** PHA Chairman, Mr. Zubair Baweja along with Mr. Byram D. Avari, Chairman Avari Hotels Limited, Mr. Dinsha B. Avari, Mr. Xerxes B. Avari, of Avari Hotels, Mr. Junaid Ashraf, General Manager, Hotel Mehran and Mr. Ather Bhutto, PHA Executive Committee Members and General Manager, Hotel Embassy Inn Karachi met with Governor Sindh to update and discuss with him the Hotels' situation amidst COVID-19 and lock down just started. PHA Delegation requested that Hotels be allowed to keep open at least one Restaurant in their premises ensuring all required measures for health and safety and make sitting arrangements as per SOPs. This act would help hotel guests to have their meals in a healthy and open atmosphere.





It was also requested to the authorities that payment of Hotels' Utility Bills be deferred for three months and later on payment be made in installments and removal of late payment surcharges on Utilities, social security, EOBI, Property Tax and other Local taxes due to cash shortfall in hotels.

**6. March 23, 2020:** PHA Chairman, Mr. Zubair Baweja, Vice Chairman, Mr. Rehan Faiz Pirzada attended a video link meeting at Governor House in presence of Governor Sindh with Mr. Hafeez Shaikh, Mr. Razzak Dawood, Dr. Ishrat Hussain, Mr. Nadeem Babar, Secretary Finance, Chairman FBR, along with representatives of different business community including Stock Exchange, Food & Beverage, Textile, Retail, Pharma and Karachi Chamber of Commerce & Industry. They all mentioned their points of concern in writing as well as verbal to the Finance Advisor to PM, and above government officials.

Governor Sindh agreed to give exemption to Hotel Staff to come on duty during lock down, but subject to showing Hotel ID Card, for which PHA had to write a request letter to the Chief Secretary via Governor Sindh. In this meeting, Finance Minister agreed that Hotels will be the last option to convert into Quarantine and government will take other options first.

**7. March 25, 2020:** Association wrote letter to the Advisor to PM on Finance & Revenue, Ministry of Finance Islamabad appealing Relief measures for Hotel Industry due to COVID-19 suggesting many options for relief package to hotel industry in Pakistan to help it survive these difficult times. PHA also appealed to the Prime Minister for the survival of Hotel Industry in Pakistan vide its letter dated March 25, 2020.

**8. April 13, 2020:** In the wake of COVID-19 outbreak, Chairman, National Tourism Coordination Board (NTCB) constituted the Tourism Recovery Action Committee (TRAC) to steer the Tourism sector through turbulent times, whereby PHA Chairman and its prominent members are part of the Committee and the first meeting of TRAC took place on April 13, 2020 via video link using 'Zoom' application, chaired by Mr. Aftab ur Rehman Rana. Agenda of the meeting was discussions on Terms of Reference (TORs) of the Committee and sharing of ideas to prepare recovery plan for the tourism / hospitality sector and way forward.

Conclusion of the meeting was that after getting written input and recommendations for Tourism Recovery Strategy and Action Plan, a draft plan with clear role of each stakeholder be prepared by end of April and be finalized in the second meeting of TRAC.

**9. May 12, 2020:** The second meeting of TRAC was held using 'Zoom' application, whereby Committee members shared their feedback and inputs on Recovery Strategy and SOPs document. Based on the inputs, draft for Tourism Recovery Strategy and Tourism SOPs were to be finalized in next NTCB meeting involving Provincial Tourism Departments and Tourism Trade Associations to formulate sub-committees to help in the implementation of the proposed Tourism Recovery Strategy and Action Plan.

**10. May 18, 2020:** Meeting of National Tourism Coordination Board (NTCB) was held in Islamabad to prepare Strategy to mitigate impact of COVID-19 on tourism sector, finalize SOPs for hospitality sector and National Tourism Strategy and Action Plan. Following decisions were unanimously taken in this meeting:





1. Board approved draft recovery strategy to help mitigate the socioeconomic impact of Covid-19 on Pakistan's tourism industry.
2. The Board unanimously approved proposed Standard Operating Procedures (SOPs/Guidelines and recommended their implementation with immediate effect.
3. Provinces/regions, private sector and trade associations to form their respective sub-committees to ensure the effective implementation of proposed strategies to mitigate the impact of Covid-19 on tourism and hospitality sectors. TRAC will continue its role at federal level to get support and relief from various federal government departments and agencies.
4. NTCB/PTDC to pursue with relevant Ministries announcement of Tourism as an Export Service Industry to reap the benefits of tourism sector and also facilitate businesses associated with it.
5. Working capital / running finance for business would be required for SMEs to start their operations. Therefore, special package be considered for businesses related to tourism / hospitality sector.
6. The Board appreciated efforts of all stakeholders in formulating a strategy at national level to steer the tourism industry of Pakistan. The draft National Tourism Strategy (2020-30) and Action Plan (2020-25) was approved and recommended its implementation in letter and spirit by all stakeholders.

**11. May 19, 2020:** The Executive Committee Meeting of PHA was held via 'Zoom' link widely attended by following prominent / senior hoteliers besides all Executive Committee Members of PHA:

- a. Mr. Byram D. Avari, Chairman – Avari Hotels Limited
- b. Mr. Aziz Boolani, CEO, TPS / Serena Hotels in Pakistan
- c. Mr. Sikander Mahmood, CEO, ASEL / Movenpick Hotel Karachi
- d. Mr. Saleemullah Shaikh, COO, Arabian Sea Enterprises Limited

Agenda of the meeting was to update members on TRAC Meetings held and its outcome, member's discussions on impact of Covid-19 on Pakistan's Tourism and Hotel Industry and needed course of action / suggestions for survival of hotel industry.

Chairman, PHA updated members about TRAC meeting held on May 18, 2020, attended by him, Mr. Haseeb Gardezi, PHA Vice Chairman, Mr. Mustansir Zakir, PHA former Chairman and Mr. Byram D. Avari.

Later on detailed discussions were held in this meeting and all members unanimously agreed that Hotels should immediately be given permission to open for operation and for upcoming Federal Budget, following focal points should be suggested in Association's Budget Proposal letter to the Chairman FBR, Finance Minister, Chairman NTCB and other concerned as due to forced lock down necessitated by the COVID-19 pandemic, hospitality businesses are on the verge of closure. This sector has suffered colossal losses on account of lockdown and social distancing imposed by the Government. In view of massive losses, Hotels will not be making tax profits for at least next five years.



- 1) Hotels to be given subsidy on utility bills or tariff to be reduced.
- 2) Government to provide grant for Salaries as Hotel's capacity to take further debts has already exhausted and they cannot borrow further under refinance schemes. Hotels do not have any revenue stream after Lockdown enforced by the Government and will not be able to continue paying salaries and wages to their employees.
- 3) Interest rate for Hotels should be 2% for survival of hotel industry.
- 4) Import of machinery, equipment and other items required for setting up, up-gradation and expansion hotels be exempted / subject to reduced to custom duty for hotel projects as well as for BMR and refurbishment of existing Hotels.
- 5) Due to low margin and profitability of hospitality sector, initial losses sustained by the company could not be set off within the stipulated time of six years. New hotels can potentially have a payback period of above ten years and low return on investment. Therefore, time period for carry forward of losses should be enhanced from six tax years to at least ten tax years. This will boost up the confidence of potential investor to further invest in a business suffering continued losses and consequently broaden the tax base of the country.

**June 08, 2020:** PHA Members delegation met Commissioner Karachi to discuss some proposed measures for survival of hotel industry to start their operations in a limited capacity implementing suggested SOPs and relevant issues. Delegation requested Commissioner Karachi that Hotels need permission from the authorities to allow them to take small meetings with limited capacity and proper implementation of required SOPs in order to start some kind of small business and generate revenue to at least pay salaries, utility bills and other expenses.

Delegation apprised him that the permission of requested services will make it possible for hotels to retain their staff and pay the other necessary expenses, which is really needed to operate any hotel. Due to forced lock down necessitated by the COVID-19 pandemic, hospitality businesses are on the verge of closure as this sector has suffered colossal losses on account of lockdown enforced by the government.

Commissioner Karachi assured members of Association that their proposal would be given due consideration as government fully understands the gravity of the situation of the dwindling hotel industry and will come to its rescue at this critical time.

Above is submitted for members' information and necessary follow up please.

Thanks and regards



Fouzia Azhar  
Secretary General

