



Minutes of the 20th MATI AGM 23rd November 2009, MATI Building

Salient Points:

(1) Meetings with Government:

It was pointed out that the Executive board especially Mr. Nazeer & Ibrahim Noordeen have been meeting with government officials on a daily basis. Mr. Nazeer elaborates:

Since the inception of the new government the budget has been a deficit budget and the government effort is to raise more money and the obvious choice is taxation, for this government has introduced a new bill to parliament called BPT (Business Profit Tax). What it calls is a 15% tax on all the business activities. The government foresees that it will be 2 years before we actually have to pay the money because of the administrative issues which will have to be settled. The government right now needs money. In order to achieve that goal the government will increase our lease period and impose a tax on us in the form of bed tax which will be changed to advalorum tax in which % will be added. The problem with that is we don't have a real room rate as such, the government will decide that from GST from all the businesses. They are suggesting 6% from all our revenue to be paid to the government and in return we get our lease rent re-scheduled. In such a way that is more acceptable to us. They have suggested 7\$ for square meter. All this are under negotiation. Right now they have suggested 6% from GST and instead of the present lease rent it will be changed to 7\$ per square meter regardless of the year and those are issues which will be discussed later. In addition to that they said they are going to give us 50, 65 or 70 year extension from lease rent outright. We have told the government that parliament might not pass unless it all come in a package therefore they are working to get all this together in one bill or one legislative paper but that is where we stand at the moment. Discussion has been going on that there will be a nation wide GST that will be 1% or 2% charged and this is a start.

Mr. Ibrahim Noordeen also elaborated on discussion with TEAM labour organisation - we have been having these issues with TEAM and some cases with employees of the resorts. We decided we should talk with TEAM and come to a solution or atleast a compromise with some of the points they are raising, so we agreed to meeting every two weeks. With some of our Board Members, Mr. Nazeer, Mr. Saeed, Mr. Salah, our Lawyer and Mr. Sim was present. Mr. Afeef and Mr. Maniku also participated in some meetings. We made a draft and it has been submitted to the Ministry of Tourism and the labour ministry. While both ministries have been sitting on it, the TEAM member Mr. Ease has submit a bill to the parliament.

(2) Meetings with International agencies

Further, MATI had a tremendous amount of discussions and meetings with IMF, World Bank and many other international organizations that have come here for various missions which have some reflection on tourism. We have been the key stakeholder in discussions with many of the international bodies, different aid agencies, so it has been a very tactic period, this year.

We are also negotiating with the government to freeze all lease rent for 1 to 2 years until the economic situation stabilizes and until we can agree on new format of lease rentals.

(3) Tabling of Annual Report and Elections

Annual report and the financial report were presented. The Annual report and the Auditors report is posted on our website for the world to see. Mr Sim said that over all MATI have had a very good year this year, which means 2008. Liabilities have been reduced from 14,000,000 (fourteen million) to 10,000,000 (ten million). Excess over income it was 407,000 we have reduced to 140,000 . This year with more tightening of budget it will be possible to reduce some more.

Election of Chairman & Executive Board members follows.

Adoption of Budget followed next.

(4) Other matters discussed:

Mr. Afeef our vice chairman is suggesting we propose Rf. 25,000 for Active Membership fee and Associate is half of Active Membership so Rf 15,000.

Mr. David Fienberg said that in other countries in similar associations, as a result of the volume there is some benefit in collective bargaining and it may be a thought that MATI, pursue negotiations on members' behalf with common suppliers, the insurance agencies, airline industries and obtain some kind of minimal discount in some way to offset our annual subscription.

Mr. Hamza proposed there should be more workshops and MATI members to be enlightened on what is going to happen in coming year regarding tax. The need for some awareness programmes and workshops was discussed.

Mr. Ibrahim brought to the attention of members that last few days the Ministry of Tourism has sent out some letters to some of the resort owners. He said that there were some parties who have failed to pay the rent. The kind of notice given to some of the members here was they will terminate the agreement in a week's time and this is the middle of the season and they have to address this in a realistic manner not to terminate agreements in one week notice. In some of the cases there are millions of dollars outstanding. These letters were sent recently to some of the parties so MATI might have to address this to ministry.

Mr. Hilmy highlighted two more matters. First, the difficulty in recruiting the expatriate labour under the new procedures from the immigration department which he believed all members were facing tremendous difficulties with. Second, the kind of circulars and letters members have been receiving from the government which sometimes create lot of difficulties for members to respond individually. Mr Hilmy said he would like to specifically address the issue of request for the average room rates from the resorts. He said we were working in a very dynamic environment and it was very difficult for members to provide this kind of data without any legal obligations. He suggested that this was something the members should coordinate and might wish to consider joint response to matters which as this is of crucial importance.

Mr. Sim then elaborated on the developments which took place recently, regarding the work permit and quotas which are serious problems that everybody was facing and MATI have been doing lot of work on this. With regard to adhoc out of the way announcements, notifications and advisories coming from the government, MATI had meetings with the Tourism Ministry. We told them that it is illegal to do that and that government has no business sending us these strongly worded notifications without proper legal backing. We told them that there was no legal basis for the government asking us our rates and confidential information about our business. Most of the work is answering question from the government, submitting more reports and trying to be more answerable not to small government (as they promised), but which is getting bigger and bigger everyday.

Mr. Nazeer said that MATI has also requested Ministry of Tourism to organize a meeting with Labour Ministry only to discuss the issues relating to expatriate labour. Right now that Ministry is creating so much trouble for us to get permission to get someone to work in our resort that is Maldivian. Mr Nazeer suggested that MATI proposes that they give us 50/50 , 50% foreign and 50% Maldivians and request them don't impose any more rules as long as we have 50/50 ratio.

Mr. Hilmy pointed out that he was referring to Department of Immigration rather than the Ministry of Labour. The kinds of difficulties members have when there is no coordination between 2 government agencies involved in implementing the same policy; difficulties like requirement to guarantee every bank cheque that you will be submitting to pay deposit for example and having to queue not only our industry personnel but many others having to queue lot of executive staff for long hours on the street. Procedures are being introduced on a daily basis by the Department of Immigration. What we would like to see is easy and direct route that we could deal with 1 agency to get this thing done smoothly so we need to lobby to get this kind of facility so there will be a smooth operation for us.

Mr Hilmy said he believed there should be a small focus group formed with various resorts representing there interest and that he also believed that 50/50 is not only the future answer in the Maldives, and that it was a complex issue which required an in-depth analysis of view-points, one that probably can't be solved in an AGM that requires more time placed into it before we go back with a recommendation to the government.

Mr. Shakir added further to Mr Hilmy's proposal – he said that government was demanding more information from members from time to time and that if it could be agreed by all of the members in general that we will not agree to give this information on our rates. So collectively we can stand to gather. He said that they have been lobbying with their lawyer but proposed that collectively a statement be sent to the government. MATI can be answerable to the government, not individual member by member.

Mr.Ibrahim said that MATI has already informed the resorts that they do not have to submit this information to Ministry. He said that MATI went to the Ministry and they have accepted the fact that they could not request that information as of now and members do not have to submit this information and there are other areas also, like registration some of some utilities in the resorts which they are looking into and trying to gain extension for about two years. Specifically financial information like room rates they could not request.

Mr. Nazeer responded to the suggestion regarding the steering committee to study labour relations issues. He said he fully agreed with the suggestion and that we have so many rules and regulations regarding employing a foreigner. MATI wants to go to the ministry as say that please simplify these rules so we can carry on doing our work of managing the resorts rather than getting involved in having to enroll people in order to comply with government regulations. He said MATI should set up a committee to study the long term goals of our industry with regard to employing foreigners as we cannot have enough local labour to support the industry. We will need more foreign labour and I think with the trend of increasing five star standards coming up we need more and more capable foreigners. The idea of the steering committee should be done but for the time being he said we should adopt a resolution in the meeting so that we could request the government to make it easier for us to employ foreigners. To do away with some of the regulations and make it the responsibility of the resort to make sure that it complies with the ratio that is set by the government. At the moment what government is doing is that they make sure resorts don't have more than 50% and they do not achieve that. They went to a resort and found that only 1 Maldivian was there in the resort. They did the inspection but nothing happened as a result after that. Then why have a regulation which say 50/50 He said he did not want to name the resort but this was something that happened.

David Feinberg's proposal of collective bargaining power was elaborated. He said that members may enjoy more by collective purchasing power. One of that is airline discount which is available for members individually anyway we could get together in dealing with insurance companies. We all buy insurance for example, we all buy this we buy that so on volume basis we will enjoy such benefits that would pay for annual dues, we could get few good ideas like this and see whether they work out.

Mr. Afeef said that while David's suggestion was a very good idea but the problem was that we are so individual that its difficult to do this together. It's a fantastic thing if the industry could buy just beer altogether it would save us a lot of money but unfortunately we are so so individual people we are unable to do things like that.

Mr. Qasim said he supported Mr. David's suggestions and said MATI as an organization can take all these kinds of advantage, we should make a team of people from the Board and find out about the ideas of our members an look into it as there are lot of advantages and lot of money that could be saved. We have to compete with lot of destinations at this difficult time so he said he supported the suggestions and further expand on how individual or independent members should think about what we should do.

Mr. Afeef said that it was a good idea to make an active purchasing committee. He said that we have to put a proposal from MATI Board to the members on David's idea and see how many respond back and then deal with the insurance company and others.
