

## **GHANA HOTELS ASSOCIATION (GHA)**

### **PRESS CONFERENCE**

**DATE: TUESDAY, 29<sup>TH</sup> AUGUST 2023**  
**VENUE: INTERNATIONAL PRESS CENTRE**  
**TIME: 10AM**  
**THEME: HOTELIERS ARE CITIZENS, NOT SPECTATORS**

### **PRESS STATEMENT**

Good morning ladies and gentlemen of the Press. We, the members of the Ghana Hotels Association have called you here this morning to help us draw the attention of government and the general public to some developments in the hotel industry. These developments require immediate and urgent attention for the sustenance of the hotel industry in particular and the tourism and hospitality sector in general.

Ladies and gentlemen of the press, you would recall that the government of his excellency, Nana Addo Dankwa Akufo Addo gave the tourism and hospitality sector a major boost in 2019 with the “Year of Return” project that facilitated a significant increase in international visitor arrivals in Ghana and high occupancy in a lot of the hotels. Generally, the Year of Return benefitted businesses in the tourism and hospitality sector. In recognition of this achievement, our Association, the Ghana Hotels Association appreciated the contribution of His Excellency, the president, to the growth and development of the hotel industry with the award for Significant Contribution at the 4<sup>th</sup> GHA Awards held at Marriott Hotel in January 2020.

Unfortunately, COVID-19 struck in March 2020 that led to a significant downturn in international visits, occupancy rates and revenue for almost two and half years. Just when we started experiencing some reliefs from the direct effect of the COVID-19 on our businesses in the 2<sup>nd</sup> half of 2021, the economy of the country also took a downturn that eventually pushed the government to announce on July 1, 2022 its decision to turn to the IMF with its attendant conditionality.

As an Association, we are very much aware of the numerous efforts of the Ministry of Tourism, Arts and Culture and its agencies to make Ghana a destination of choice in global tourism. However, with the huge negative impact of the country's economic downturn on our hotel businesses, the last thing that we expect are actions and inactions of public agencies that seek to deepen our woes. Ladies and gentlemen of the Press, we are referring specifically to:

- i. The actions and inactions of the Public Utilities Regulatory Commission (PURC) that has created huge debts for hotels.
- ii. The actions and inactions of government in keeping the COVID-19 levy in our tax books when the WHO has declared the pandemic over
- iii. The actions and inactions of government in implementing a new property rate payment regime that has increased property rates astronomically
- iv. The actions and inactions of the Ministry of Roads and Highways in making travels on some of the highways a nightmare for tourists, both domestic and international.
- v. The actions and inactions of the Board of Ghana Tourism Authority in the administration of the Tourism Development Fund that has denied Tourism Trade Associations the needed financial support to be effective partners in the Public Private Sector collaboration mix
- vi. The actions and inactions of the Ministry of Tourism Arts and Culture and the Ghana Tourism Authority in underutilizing the Public Private Partnership Forum, as provided in the Tourism Act 817, to address industry challenges.

## **PURC**

Ladies and gentlemen of the Press, our grievance against the PURC started in January 2023 when they announced an 8.3% upward adjustment in water tariff effective 1st February 2023. This adjustment implied an increase in water tariff from approximately Gh11.2 per cubic meter of water to approximately Gh12.3. However, when hotels received their water bill for February 2023, their tariff per cubic meter of water was Gh30, indicating a whopping 167% increase as against the 8.3% announced by the PURC.

The Ghana Hotels Association immediately petitioned the PURC in a letter dated 15th March 2023 to correct the perceived error in the billing. The PURC responded promptly to the Association's petition in a letter dated 15<sup>th</sup> March and attempted to justify the 167% increase as part of an ongoing restructuring of Ghana Water Company Ltd consumer categories.

Dissatisfied with the PURC's response, the Association petitioned the PURC again in a letter dated 23<sup>rd</sup> March 2023 with a hint to picket at the PURC office if the perceived erroneous billing of hoteliers was not addressed. In an apparent response to the second petition, the PURC invited the Ghana Hotels Association in a letter dated 23<sup>rd</sup> March 2023 to a meeting scheduled for 31st March 2023 at Central Hotel to, I quote, “discuss the issues and challenges raised with respect to the current water tariff structure”, end of quote.

After the 31st March 2023 meeting which was also attended by other aggrieved business entities, the PURC wrote to the Ghana Hotels Association in a letter dated 5th April 2023. In the said letter, PURC admitted that, and I quote, "a significant aspects of the complaints emanate from misclassification in the implementation of the tariff (for instance migration of non-residential customers to "other commercial categories"), end of quote. Furthermore, the PURC issued a directive to Ghana Water Company in the 5th April 2023 letter to:

- a) Revert all non-residential customers misclassified as "other commercial" back to "non-residential consumer category", and
- b) Customers in the “Non-Residential” and “Other Commercial” categories with disputed bills should not be disconnected until the completion of the investigations”; but customers shall pay a reasonable amount on account to avoid disconnection.

Whilst waiting for the Ghana Water Company to act on the PURC's directive (which has not been done till date), the PURC announced a new water tariff effective 1st June 2023. The new tariff placed hotels in the “Commercial Category” with a tariff of Gh25 per cubic meter. Obviously unhappy and upset that a new tariff had been announced with the reversion directive still pending, the Ghana Hotels Association wrote again to the PURC in a letter dated 23<sup>rd</sup> May 2023

to draw the Commission's attention to the fact that the Ghana Water Company was yet to carry out the reversion directive.

The PURC responded to the Association's 23<sup>rd</sup> May 2023 letter with a letter dated 5<sup>th</sup> June 2023 that stated, inter alia, and I quote, "In the quest to resolving your complaints and that of all other affected water consumers as a result of GWCL consumer categories restructuring, the Commission has approved a new water customer category structure with its clear definitions. Furthermore, the new tariffs effective June 01, 2023 for commercial water customer category which category applies to GHA has seen a 17% reduction from Gh30 per cubic meter in the first quarter to Gh25 per cubic meter irrespective of the upward increase for other customer categories".

Ladies and gentlemen of the press, very unhappy with this disheartening letter from the PURC, the Association petitioned the Ghana Tourism Authority (with copies to the sector Minister and the parliamentary Select Committee on Trade, Industry and Tourism), to intervene in the matter. The GTA requested a meeting with the PURC mid of July 2023, but that meeting is yet to take place. We are obviously unhappy and expect the PURC to act on its directive to the Ghana Water Company for the months of February, March, April and May 2023 that has created huge debts for our members.

### **COVID-19 LEVY (1%)**

On 31<sup>st</sup> March 2021, assent was given to an Act that imposed a special levy known as the COVID-19 Health Recovery Levy on the supply of goods and services and imports to raise revenue to support COVID-19 expenditures and to provide for related matters. With the worst of COVID-19 over and WHO's declaration of end to COVID-19 as a global health emergency, we are at a loss why the 1% COVID-19 levy is still sitting comfortably in the Ghana Revenue Authority's tax bucket, adding on to our long list of tax obligations and increasing our operational cost.

## **New Property Rate Payment Regime**

Ladies and gentlemen of the Press, I am sure you are aware of the new digitalized property rate payment regime that has been introduced by the Government. Much as the Association is not against the payment of property rates, we are equally unhappy with the astronomical increases in the rates that property owners, including hoteliers, have to pay in the new regime. In an economy where businesses are struggling to survive, the astronomical increases in property rates with no reference to the old existing rates is very worrying and troubling. A well thought out incremental increase in the property rate would have demonstrated empathy to the plight of the struggling business community, including hotels. We call on government to take a second look at this faceless property rate regime that has the potential to contribute to the crippling of businesses.

## **Poor Roads to Tourism Attraction Sites**

Ladies and gentlemen of the Press, the Association and every well-meaning Ghana is aware that our dear country Ghana is a developing country, and so are our roads. We are aware that Governments over the years have contributed their quota to the development of roads across the country that has contributed to the growth and development of the Tourism and Hospitality Industry. However, we believe that the state of some strategic road passages cannot and should never be compromised, especially as we push for the country's economic development to be modeled on tourism. As an Association, we are particularly interested in the highways that link us to other countries. A case in point is the Accra – Cape Coast – Takoradi highway and the Takoradi – Agona highway leading to the our boarder with Ivory Coast. These are roads that lead to important tourism attract sites, including Cape Coast and Elmina Castles, Bisa Aberwa Museum, Ankasa Forest, and Nzelezu, just to mention a few. We call on our dear Minister and the Minister of Roads and Highways to give a special attention to these strategic roads and other similar ones in all parts of the country.

## **1% Tourism Development Fund**

The 1% Tourism Development Fund levy was passed by parliament in 2012 and without doubt has contributed immensely to the growth and development of tourism in Ghana. As businesses that collect the 1% tourism levy for the Ghana Tourism Authority, the Ghana Hotels Association and other tourism trade Associations have been mostly left out in the disbursement of the fund. To put it more bluntly, the administration of the Tourism Development Fund has denied Tourism Trade Associations the needed financial support to be effective partners in the Public Private Sector collaboration space. Another worrying trend over the past few years has been the lack of accountability in the disbursement of the Fund. We call on the Board of the Ghana Tourism Authority to revisit the proposal for a portion of the fund to be allocated to functional tourism trade associations every year to support the administration of the Associations. We also call on the Board to revert to the old practice where the stakeholders were updated regularly on the inflows and outflows of the fund.

## **The Public Private Partnership Forum (PPPF)**

The Public Private Partnership Forum is a provision in the Tourism Act 817 that is structured to ensure regular (quarterly) engagement among stakeholders in the tourism and hospitality sector with the aim of discussing challenges facing the sector and looking for ways to addressing them thereof. The Association believes that the enormous benefits embedded in the PPPF is yet to be tapped and steps must be taken urgently to address it. A case in point is the recent Presidential Summit on Tourism held on 30<sup>th</sup> and 31<sup>st</sup> May 2023 which had all the elements of a PPPF. A number of important issues were raised at the Summit which when addressed would go a long way to advance the growth and tourism in the country. Unfortunately, almost three months after the summit there seems to be no roadmap for addressing the issues that were raised at the Presidential Summit. The Association has also raised a number of issues such as mandatory membership of hotels Association by hotels, copyright royalty, funding of training activities, all of which have not received the needed attention. The Association is calling on the

Ministry and the Ghana Tourism Authority to work towards getting the most out of the PPPF.

## **CONCLUSION**

In conclusion, ladies and gentlemen of the press, we trust that what we have put out here this morning will serve as a wake-up call to the government, ministries and agencies to pay more attention to some of the issues confronting the hotel industry to ensure its sustenance and growth. As we say in our Association, together we can make a difference.

Meanwhile, immediately after this conference, we are marching to the head office of the PURC to present a petition to the Executive Secretary. We have notified the police of this march in line with the public order act. Thank You.