



**MASTER BUILDERS ASSOCIATION MALAYSIA (MBAM)**  
**Persatuan Kontraktor Binaan Malaysia (MBAM)**  
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PRESS STATEMENT  
*FOR IMMEDIATE RELEASE*

## **VOP and EOT should also be applied to projects in private sector**

Kuala Lumpur, 29 June 2021 – **Master Builders Association Malaysia (MBAM)** thanks the government for announcing the PEMULIH aid and economic stimulus package yesterday.

To some extent, part of the PEMULIH aid package to support businesses in the construction industry may benefit some contractors. This includes the allowance of price changes or Variation of Price (VOP) for government projects following a significant increase in the cost of building materials until 31 December 2021, assistance for local G1 – G4 contractors to carry out small-scale government projects by conducting lottery and tendering processes, enabling the use of new civil engineering and building as well as electrical work rate schedules, and the allowance of Extension of Time (EOT) or extension of contract on government projects for supply and service contracts affected by the implementation of the Movement Control Order (MCO) subject to contract clause.

However, MBAM is in the view that the VOP and EOT should also be applied to projects in private sector. Currently, there is no cost sharing between both contracting parties as contractors still have to bear all the idling and SOP compliance cost during the Phase 1 and 2 of the National Recovery Plan. In addition, the Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) or Act 829 amendment is crucial to include private projects and sharing of related expenses arising from COVID-19 between contracting parties.

The VOP only helps if contractors can start work. Based on the recent statistics shared by the Construction Industry Development Board (CIDB) Malaysia dated 28 June 2021, since the

implementation of MCO 3.0, out of the total inspected construction sites, only 19% were found to be operational. Hence, the VOP facility cannot be utilised by the majority of construction contractors.

Besides that, MBAM hopes that the moratorium can be expanded to beyond just individual borrowers from the B40, M40 or T20 group, and micro-entrepreneurs. The same moratorium extension should also be given to companies as businesses have been adversely impacted by the pandemic too.

MBAM is very appreciative of what the government is doing despite the challenges faced by the COVID-19 pandemic. As many aid and economic stimulus package announced under PEMULIH, many of it are benefitting the people but not for businesses or companies at large. The stark reality is that the construction industry will need money to be injected directly into businesses immediately as an effective measure to ensure our construction industry is sustainable.

**TAN SRI SUFRI HJ MHD ZIN**

President

Master Builders Association Malaysia (MBAM)

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**Note to Editor:**

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