

## **MBAM COMMENTS ON BUDGET 2019**

Master Builders Association Malaysia (MBAM) would like to congratulate the Government for a budget that continues to undertake a delicate balancing act between maintaining fiscal prudence, managing growth as well as caring for the rakyat's well-being.

Even though there are no new mega projects announced, the Association welcomes the announcement by the Government to continue projects such as LRT 3, MRT 2 and for affordable housing, rural housing, roads upgrading, upgrading of Government officer's quarters, schools, masjid, surau and police stations. The continuation of well spread out projects will benefit the construction industry and the rakyat. This will also ensure the sustainability of the industry. Furthermore, by taxing professional imported services, the Government is also encouraging the use of local resources.

All the announced infrastructure spending means that the construction industry will require enough manpower to complete projects on time and within budget. The Government announced levy for foreign workers in the agriculture sector is reduced to RM3,500 from RM10,000 and we hope the Government will also apply this rate to the construction industry. We also fully support the Government's 2 tiers system and hope that the levy can be reduced for the skilled workers to further improve construction productivity. Under the TVET we thank the Government for the matching grants which will help the Malaysian construction industry. We also support the encouragements given under Industry 4.0 to reduce dependency on foreign workers. There should be a realistic understanding that the construction industry needs workers to fill in the demand-supply gap for manpower in the construction industry. As such, MBAM hopes that the policy with regards to the employment of foreign workers can be looked at in a holistic manner so that the aspiration of both the public and the private sector can be satisfied and the cost of doing business reduced.

The implementation of the Sales and Services Tax has brought about some uncertainties. It is the norms in the construction industry to have variations and to carry them out but it is impossible to determine the full details until a project's final accounts have been finalised one to two years later after the defect liability. The other uncertainty is for those facing the

difficulty to account on their final account but contractors are required by the Government to settle the GST fee before end of this year. MBAM strongly urge for the Government to consider allowing a two years' grace period for contractors to settle the full GST fees in these circumstances.

We hope that the Government would implement a workable solution for the construction industry to ease the cash flow burden and clarify the uncertainties faced by MBAM members.

符绩理

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