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PRESS STATEMENT
FOR IMMEDIATE RELEASE

Contractors are in dire state and need urgent economic support from the government

Kuala Lumpur, 31 May 2021 – **Master Builders Association Malaysia (MBAM)** represents a total outreach strength of close to 17,000 members in the Malaysian construction industry seeks for immediate and urgent economic support from the government.

We thank the Government for allowing critical maintenance and repair works and critical construction works for major public infrastructure to operate during the total lockdown starting tomorrow. However, many contractors are still in dire state as we have been suffering due to various additional costs arising from the COVID-19 pandemic, including but not limited to, high steel bar and copper prices, insufficient workers, high Act 446 compliance cost, high COVID-19 SOP and swab test cost. All this costs that were not factored in at the start of project and with no provision in the COVID-19 Bill to protect the contractors, we have been biting the bullet in order to ensure that projects can still be completed on time and providing job security to the many workers in the industry.

With the six weeks total lockdown across two phases and potentially longer, many contractors cannot absorb the additional costs anymore and might fold. In short to medium term, the industry will face shortages of contractors and lead to overall price escalation.

Therefore, MBAM hopes that the government will soon announce and roll out additional stimulus package to assist the economy and people to cushion the economic impact for the industry for all Malaysians. Some of MBAM suggestions are:

- Automatic moratorium extension for people and businesses starting from 1 June 2021.
- Financial assistance and low interest financing rates to provide financial aid to businesses.
- Tax break for businesses and provide utilities subsidies throughout the total lockdown period.
- Wage subsidy programme for all employees with the salary of RM 4,000 and below.
- Speedy payment for government projects to be made especially for the month of May 2021 at all tiers to ease cash flow of the construction industry.
- Waiver of levy for foreign workers renewing their work permits and extension of permit approval for those stuck in home country who are unable to enter during lockdown and for

those who will be overstaying due to the movement restriction imposed. It is hoped that the Immigration Department of Malaysia can consider the waiver of fees for special pass due to overstaying during the lockdown period.

- Extension of the Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) Act 2020. The COVID-19 Bill must also protect contractors and to expressly state the provision for extension of time (EOT) and cost sharing between contracting parties. Contractors should also be allowed to ask for compensation from project owners.

Additionally, the government should look into a free mass COVID-19 testing for every single person nationwide to trace and break the COVID-19 chain. The vaccination rate for the National COVID-19 Immunisation Programme must also be expedited with the assistance of private hospitals and clinics.

MBAM is very appreciative of what the government is doing in facing the challenges imposed by the COVID-19 pandemic. The government has been striking to balance between the economy and livelihood of the people. However, in reality, the Malaysian construction industry would need direct money injection into businesses immediately as an effective measure to ensure our industry is sustainable. MBAM also appeal that the government will defer and not introduce any other new policies during this trying period that will further increase the cost of doing business.

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