



ADVISORY NOTE TO MEMBERS OF ACEM
NOTES OF MEETING
WORKING ENGAGEMENT SESSION (SESI LIBAT URUS)
BETWEEN THE EXECUTIVE DIRECTOR OF MAJLIS TINDAKAN EKONOMI NEGARA (MTEN)
AND
CONSTRUCTION INDUSTRY SECTOR

24 July 2021; 9:00am; Online

Attendance:

A. Government

YBhg Prof Tan Sri Dato' Seri Dr Noor Azlan Ghazali, ED MTEN
MTEN Secretariat
CIDB

B. Representatives of the industry:

ACEM, PAM, RISM, REHDA and other associations in the construction industry

- 1) ED MTEN informed the meeting that the Government is aware of a number of common cross-sector issues namely:
 - a. All sectors are urging the Government to relax on the restrictions to do business under the MCO and are prepared to observe the SOPs.
 - b. The private sector also urged the Government to engage closely with Industry players when formulating and implementing SOPs. At the moment these are seen to be ad hoc in nature and inconsistent and often with frequent changes.
 - c. Enforcement too is inconsistent between the many agencies involved and also inconsistent as well as being unreasonable in issuing summons.
 - d. There is a general shortage of labour such as in the plantation sector and construction.
 - e. There are strong requests for the Government to pump-prime the economy with Government projects.
 - f. There is poor understanding of the supply chain of industries and this led to constant disruptions in the industry since approvals for work along the supply chain is not consistent as well as not complete.



- 2) Discussion
 - a. CIDB reported that for the first time since 20 years the volume of work in the construction industry dipped below RM 100 billion to RM 84 billion in 2020. The distribution is 30% Government and 70% Private Sector.
 - b. This is due to 3 main issues:
 - i. Escalating cost of materials. Steel price has risen by 50% since January 2021 although the demand is not high since there is not much activity in this sector. The reason for this is still unknown.
 - ii. There is also a general shortage of supply of materials. China has imposed high export levy on their products. In fact, Malaysian suppliers prefer to supply to China now. There is yet to be a policy to address this issue.
 - iii. There is a shortage of supply of new legal labours from the 14 source countries.
- 3) ACEM agreed to the suggestions and proposals by other associations (e.g., PAM, RISM, REHDA):
 - a. For the Government to expedite the vaccination program in the industry.
 - b. For the Government to urge Local Authorities to accept digital plan submissions and signatures. This is especially necessary under the MCO and more so when many of the Government offices are also practising Work From Home. In any case this is the way forward under the new normal and in line with the National Digital Economy Blueprint. Certain sections of the UBBL will need to be changed to allow for this but this will take time. The Government should take immediate steps to allow for digital submissions.
 - c. There is an urgent and immediate need for the Government to issue a specific SOP for the Professional Services in the industry. A minimum number of staff should be allowed to Work From Office immediately.
 - d. Government should accept and implement the BEM Scale of Fees. There is also a need for Consultants to be paid for services during the Extension of Time given to contractors and to pay consultants for supervision for the period during the Work From Home instructions.
 - e. The housing and property sector is one of the highest contributors to the construction sector and in priming the economy. Bank Negara reported that the household savings is high and this has led to high demand from purchasers. The restrictions imposed is stifling the industry from responding to these demands. The Government is urged to review these immediately.
 - f. There is a need to improve inter-Ministry coordination as certain components of the supply chain are under the purview of Ministries other than MITI and the approval process and procedures are also onerous and lack a sense of urgency.
 - g. There is an urgent need to coordinate enforcement agencies. The construction industry is highly exposed to inspections by many of these agencies for different aspects of the SOP compliance. This is not only disruptive but adds unnecessary stresses on the industry



- 4) Issues raised by ACEM:
- a. The approval procedures for applications to work by Engineering Consultants during the MCO is still onerous and inconsistent and resulted in work delays and frustrations. There is a need for the Government to improve on this especially since this could be a recurring situation for as long as the pandemic continues.
 - b. The definitions of “Critical Construction Activities” and “Essential Services” need to be redefined and be more definitive to remove inconsistencies in approvals.
 - c. The role of engineering consultants in the construction sector is still not well understood by many Ministries and agencies. The role is not only construction supervision but includes Home Office Support for the construction works as well as planning and design works.
 - d. The Engineering Consultants also need to continue design works so that it can be completed soonest and ready for tender to expedite economic recovery process.
 - e. There is a wide-spread disquiet amongst the private sector that the policies and rules on one end and the enforcement at the other are by those with secured financial status. The private sector is often trapped in between. There is often a disconnect between the Government requirements and the Private sector needs. There is a need for more and effective engagements between both sides.
 - f. In this aspect, the Government should reconsider imposing terms and conditions that lead to higher cost of business and stresses on cashflow as well as job opportunities. The imposition of the HRDF requirements, PII, payment terms and certain aspects of the Terms and Conditions of procurement and contracts need to be reviewed urgently.
- 5) Decisions
- a. The MTEN Secretariat will raised the issues and requests to the upcoming MTEN Meeting chaired by the YAB Prime Minister.
 - b. CIDB will prepare a report on the supply of services and material chain and submit to the MTEN Secretariat soonest. REHDA will share its list of the construction industry components of the supply chain.
 - c. MTEN continue to encourage associations to raise matters affecting the industry for the good of country.

Datuk Ir Mohd Adnan bin Mohd Nor
IMMEDIATE PAST PRESIDENT
28 July 2021