



MEMBERS' CIRCULAR 7/2020

To : All REHDA Members

From : Ir Tiah Oon Ling
Secretary General

Cc : REHDA Branch Chairmen
REHDA Branch Secretariats

Date : 8 May 2020

RE : REHDA's Initiatives and Members' Responsibilities During MCO

Dear Fellow Members,

The unprecedented COVID-19 outbreak and the Movement Control Order (MCO) have severely impacted our nation with the property and construction industries not being spared. The announcement of the Conditional MCO (CMCO) Phase 5 on 4 May 2020 which allows most businesses to operate fully is much welcomed, but tougher days are incumbent upon us as we strive to regain our social and economic momentum. However, please be assured that REHDA has been and is continuously engaging the Government, various Ministries and other industry stakeholders to deliberate on measures to mitigate the issues faced by the industry since Day 1 of the MCO on 18 March 2020.

One of our initiatives to address the challenges facing the industry and the Malaysian economy as a whole is our proposal to the Government to enact a COVID-19 (Temporary Measures) Bill, a force majeure bill aims to safeguard all contracting parties from being penalised due to their inability to meet their contractual obligations in view of MCO and until the COVID-19 spread is under control. A press release was issued by REHDA on 8 April 2020 to call for the enactment of the said Bill. Attached is the copy of the media release. Pursuant to the press release, REHDA has submitted a proposal to KPKT urging them to lobby for the drafting of the Bill soonest possible. Another joint statement with MBAM was issued on 6 May 2020 requesting for the same.

We are also aware that one of the major concerns facing members is the obligation of developers to deliver houses on time to their purchasers. In light of this, we have emailed all members a FAQ / guide on how to apply for an Extension of Time (EoT) together with the guideline / checklist provided by KPKT on 29 April 2020. Please visit the webpage below to download the guide: <http://rehda.com/covid-19/>. The webpage also contains various other important links and information beneficial to all members.

REHDA seeks the cooperation of all members to abide by the Standard Operating Procedures (SOP) for Construction Industry to Operate During Movement Control Period, issued by the Construction Industry Development Board (CIDB), as well as to practise adequate social distancing and basic healthcare measures at all times. Failure to comply will cause severe repercussions from the authorities and further delay on your projects. Despite the challenges facing the industry, we hope that all members are continuously aware of your responsibilities and obligations to your stakeholders. Together we stand united to weather this storm and emerge stronger.

Please be advised that Wisma REHDA and its branch offices / subsidiary will resume operation on Tuesday, 12 May 2020.

We hope that our members will continue to support the Association and all our endeavours during these trying times.

Thank you.

Yours sincerely

REAL ESTATE & HOUSING DEVELOPERS' ASSOCIATION MALAYSIA



IR TIAH OON LING
SECRETARY GENERAL



JOINT MEDIA STATEMENT BY REHDA MALAYSIA AND MBAM

6 MAY 2020

Government to Bear Cost of COVID-19 Testing for the Construction Industry and the Urgency for a COVID-19 (Temporary Measures) Bill to Protect the Nation

The Real Estate and Housing Developers' Association (REHDA) Malaysia and Master Builders Association Malaysia (MBAM) acknowledge and truly appreciate the initiatives taken by the Government to deliver a recovery plan for all industries in Malaysia in ensuring they remain resilient even during these difficult times. We believe that these measures not only will begin the process of invigorating the economy, but ultimately will benefit the rakyat who depends on these industries for their livelihood.

However, REHDA Malaysia and MBAM are concerned and wish to raise two critical issues that require quick intervention from the Government that will certainly assist to smoothen the social and economic recovery of our nation.

Firstly, we would like to appeal to the Government to bear the full cost of COVID-19 screening for all workers thus enabling as many workers to commence work on site and get the industry started. Following the commencement, if it is found that the site's contractor has failed to practise the Site Operating Procedures (SOPs) as per the guidelines issued by the Construction Industry Development Board (CIDB) and caused an outbreak of COVID-19 in the site, the Contractor shall be responsible for all cost in resolving the outbreak. At current market rate, the estimated cost per swab test is around the range of between RM350 – RM650 per person (depending on volume). The high cost per person translates to a considerable amount that contractors need to bear, as a construction site typically has hundreds of workers, thus incurring heavy cost to construction companies on top of all the other mobilisation costs as well as losses since the start of the Movement Control Order (MCO) on 18 March 2020. The virus outbreak and its severity is unexpected, and it is beyond



the financial capacity of contractors to bear the cost especially when contractors are already financially affected by the pandemic.

Another area of concern that we hope the Government can look immediately into is the capacity and speed of results for the testing of COVID-19 for all construction workers. Presently Malaysia has tested approximately 220,000 people with a capacity of 16,000-20,000 tests daily. With millions of workers returning to work at the same time, there will be a rush to do the test. Feedback from a member developer informed that out of his 14 workers sent for testing, only 3 workers managed to be tested after a 5-hour queue while the other 11 had to wait for a few more days to secure their slot which is still unconfirmed. News on the media are also going viral on the massive queue of foreign workers seeking for the test at a clinic to the extent of infringing the 1 metre social distancing SOP by the Health Ministry. With the inability to cope with such high demand, we hope the Government can quickly relook into alternatives such as Rapid Test Kit which is faster, cheaper and readily available in order to accommodate the large volume of workers. The PCR Swap Test can be carried out only if there is an outbreak within the site or carried out intermittently and selectively.

Secondly, MBAM strongly echoes REHDA Malaysia's call made on 8 April 2020 for a Force Majeure Bill or a Legislative Intervention, similar to those that have already been introduced in other countries including Australia, Ireland, Scotland, Hungary, United Kingdom (UK Coronavirus Act 2020) and Singapore (COVID-19 (Temporary Measures) Act 2020). This Bill will statutorily protect all contracting parties from unnecessary litigations and provide temporary relief for businesses and individuals who are unable to meet their contractual obligations during this period which is beyond any parties' control. Essential provisions to include are:

- To have a retrospective effect from February 2020;
- A moratorium (with a defined period) from actions for inability to perform, e.g. up to the end of the year. This moratorium should also include a bar from commencing and



continuing legal proceedings, including enforcing any security, taking any insolvency-related measures or steps, commencing any execution, distress, eviction or repossession actions, and enforcing any judgements, awards and determination;

- Temporary relief for companies, and individuals in facing financial difficulties;
- Relief from the happenings or events that have arisen during the MCO;
- For property industry, it should cover construction contract and supply contract;
- Any call on performance bond to be prohibited during the moratorium period; and
- Protection for directors from personal liability for any trading carried out during the moratorium period despite their companies being insolvent.

We respectfully request for the Government to table the bill during the upcoming Parliament seating on 18 May 2020 on an urgent basis as this temporary measures is most crucial during this period to effectively protect all stakeholders including developers, builders and purchasers.

Our journey ahead is a long and arduous road, and the success of our recovery is highly dependent on the cooperation of all parties involved. REHDA and MBAM pledge to continue playing our part in this process and beyond, and we sincerely hope that the Government will give due consideration to our requests to lessen the burden of those who are severely affected by the COVID-19 pandemic.

Jointly released by:

Dato' Ir Soam Heng Choon
President, REHDA Malaysia

Mr Eric Yong Shang Ming
Secretary-General, MBAM