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*Sector's economic contribution is about 4.5% of GDP, but interrelates to 140 subsectors. A boost in subsectors would help bolster the economy during trying period*

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**RESTARTING** construction projects and related services would help the country cushion the economic fallout from the coronavirus.

The sector, which accounts for almost 5% of the country's estimated RM1.3 trillion economy, has

tanked since the Movement Control Order (MCO) was imposed, but the government has relaxed selective construction activities. The segment has experienced among the biggest negative chain effects compared to other segments.

Socio-Economic Research Centre ED Lee Heng Guie said the sector's economic contribution is about 4.5% of the GDP, but it interrelates to 140 subsectors.

He said the boost in hundreds of subsectors, largely in building materials, transportation and renovation, would help spin the economy during this trying period.

"The MCO's priority is to fight

Covid-19, but at the same time, we need to ensure the economy is not completely damaged.

"Mega projects can be considered to be resumed with conditions and proper standard operating procedures," Lee told *The Malaysian Reserve (TMR)*.

He said construction projects could eventually be in the pipeline amid the virus containment measures and post-MCO.

The government recently added construction works and services related to construction to sectors that can resume operations under Phase 3 of the MCO.

The relaxation is related to main

contractors under Grades G1 and G2; projects that have achieved physical progress of 90% and above; tunnelling work; maintenance work; sloping work; emergency work that is consequent to contractual obligations and many others.

Putrajaya also allowed machinery and equipment industry to restart, including other works that if left incomplete may result in danger; building projects with 70 IBS (industrialised building system) score and above; and construction projects with accommodation facilities for workers such as centralised quarters for workers.

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But larger projects including house and office structures and other infrastructure have not been given the full green light.

Affin Hwang Investment Bank Bhd analyst Loong Chee Wei said in a recent report that the institution believed that the Klang Valley Mass Rapid Transit Line 2 (MRT2), Light Rail Transit Line 3, East Coast Rail Link and Pan Borneo Highway (PBH) projects will be allowed to resume as they have centralised labour quarters near the sites and social distancing can be practiced along the road or railway alignment works.

Loong, however, said the government will likely impose limits on the numbers of workers at each site and working hours to lower the risk of Covid-19 infection.

He said MMC-Gamuda Joint Venture Sdn Bhd has continued MRT2's tunnelling work as stopping work would pose a danger of the tunnel collapsing. WCT Holdings Bhd has been undertaking critical works for the MRT2 above-ground and PBH since late-March.

The analyst said a slow recovery in the construction sector is expected even when the MCO is lifted as strict work and travel restrictions will likely remain in place to ensure infections are under control.

Putra Business School associate Prof Dr Ahmed Razman Abdul Latiff said both the public and pri-

vate sectors could boost the economy with the opening of the construction sector during the MCO.

"The main contractors will need to engage possibly hundreds of subcontractors and other small players, hence giving thousands of people work. This highlights the importance of allowing the construction sector to continue works during MCO.

"The government also plays its role in opening up tenders and small projects not just in urban areas, but rural as well," Ahmed Razman told *TMR*.

He said mega projects are financed through debt financing, which means companies still have to fulfil their liabilities even though works have stopped.

"Unless the companies could get some moratorium or arrangement, they would still need to fulfil their liability commitment and thus it is better to keep the construction works going rather than delaying them," he added.

Mass Rapid Transit Corp Sdn Bhd is among thousands of construction companies waiting to get the green light from the government to resume work.

Meanwhile, Senior Minister (Infrastructure Cluster) Datuk Seri Fadillah Yusof said MRT Corp is among 9,834 pending applications to be processed by the Ministry of International Trade and Industry (MITI).

The 52.2km Sungai Buloh-Serdang-Putrajaya (SSP) Line is

among the projects that have been put on hold since the MCO.

"In the case of MRT Corp, they have applied, but their application is still being reviewed by the Construction Industry Development Board. When (we) receive an application, it will be reviewed as to whether it fulfils the conditions we have set," he said yesterday.

It was last reported in March that the construction of the SSP Line had achieved a completion rate of over 70%. Phase One, between Kwasa Damansara and Kampung Batu MRT stations, is scheduled to start service by the middle of next year, with full operations in 2022.

When asked about deadlines of projects that have not been allowed to resume, Fadillah said most contracts would have a force majeure clause event beyond control, which alters obligations and liabilities.

"If force majeure is included, there can be no actions taken against the company and the deadline can be extended. However, for agreements which do not have this clause, especially property contracts, the government is planning to introduce a law in Parliament to address this matter."

MITI has received a total of 19,077 applications as of Tuesday, with applicants comprising construction companies, professionals and related services within the construction industry. Out of the total, the ministry has rejected 7,387 and approved 1,856 applications.