



## Contractors battered, heading into 2021

Stock market analysts have been quick to peddle their “buy” and “sell” calls of counters on the local bourse, particularly at this time, when Budget 2021 is about to be tabled on Nov 6.

Their attention has been diverted to counters dealing with construction as any success in invigorating the economy next year will mean pump-priming this sector. This is because the multiplier effects have a far-reaching impact on the economy.

While the Master Builders Association Malaysia (MBAM) is not optimistic, it welcomes forecasts by pundits that Budget 2021 could usher in signs of a faster economic recovery.

The reason MBAM is taking the feel-good forecast with a pinch of salt is because the construction sector is already hurting from work stoppages caused by the Covid-19 pandemic.

With the infection rate worsening, construction growth is unlikely to do any better after shrinking 44.5% in the second quarter this year. According to Global Data, the sector’s performance for the whole year is set to contract 8.8% year-on-year.

We have been getting cries for help from contractors, big and small, who say that the need to comply with the government’s standard operating procedures at worksites has resulted in tight cash flow, disruption in the supply chain, labour shortage and high operating costs.

MBAM expects the government to be sympathetic to the plight of contractors, more so at this point in time. In our recent submission on Budget 2021 to the Finance Ministry, we proposed a litany of measures, that the government should look into immediately:

1. Roll out more projects that benefit the masses and general public at a faster pace.
- The spillover effects will have an impact on more than 190 downstream industries; and
- Revive projects that were put on hold, such as the MRT3, Kuala Lumpur-Singapore High-Speed Rail, Johor Baru-Singapore Rapid Transit



System and the remaining packages of Pan Borneo Highway.

2. Start a “Buy Malaysian First” campaign to encourage the use of local construction resources such as building materials, consultancy services, and plant and equipment rental services.
- Develop a “Use Malaysian Resources (UMR) Score” (similar to the IBS Score) as a guide and keep local material prices competitive while introducing a price variation clause for major construction materials in all contracts; and
- Grant tax rebates or special incentives to the project owner, designer and contractor for achieving the minimum specified UMR Score.
3. Project procurement must be transparent to select the most competent contractor with the best tender in terms of price and project duration.
- Review procurement procedures and make them more transparent to ensure the selected contractors are able to successfully complete their projects; and
- Pre-qualify bidders for projects costing between RM50 million and RM100 million, and for projects of RM100 million and above; adopt the World Bank’s tender standard, where submission of the tender should be in two envelopes — one for technical submission and another for price submission.
4. The shortage of construction workers has prevented construction worksites from operating at full capacity.
- Legalise illegal foreign workers in the country who have no record of criminal offences or health issues for a period up to three years; and
- The Human Resources Ministry and Construction Industry Development Board (CIDB) should encourage locals to join the industry, since many workers have

lost their jobs because of the Covid-19 pandemic.

5. Promote adoption of automation and digitalisation by providing a one-to-one grant to help contractors acquire software and equipment.
- Introduce simple automation such as brick laying, plastering and tile laying to encourage small-time contractors to slowly catch up with automation.

### Safety budget to curb worksite accidents

Several recent incidents at worksites highlight the need to review and improve safety management, and make it mandatory to have a safety budget for all construction projects to lower the rate of accidents.

MBAM has been working with the Department of Occupational Safety and Health (DOSH) and CIDB to promote the implementation of the Guidelines on Occupational Safety and Health in Construction Industry (Management) (OSHCTIM).

MBAM, DOSH and CIDB are working to promote OSHCTIM professional courses to integrate OSHCTIM best practices in worksites.

### BIPC sets up Covid-19 committee

Last month, the Building Industry Presidents’ Council (BIPC) formed a committee, initiated by MBAM, to look into contentious issues related to Covid-19.

The committee, to be led by the Malaysian Institute of Architects — a neutral party — will formulate a set of guidelines for consultants, developers and contractors in resolving issues related to the extension of time and counterclaims between disputing parties.

It is hoped that the economy picks up in 2021, and Malaysia’s forecast gross domestic product growth can hit 5.5% to 8% — a projection in line with the stronger GDP forecast by the World Bank and International Monetary Fund. ■

Foo Chek Lee is MBAM president and director of Pembinaan Mitrajaya Sdn Bhd