

Feedback from the Association of Consulting Engineers Malaysia (ACEM) to the Construction Industry Development Board (CIDB) on the relaxation for Professional Services (Engineers) to operate during MCO

1. Purpose

This feedback aims to provide the status of Engineering Consulting Practices (ECPs/firms) particularly under the Movement Control Order (MCO) period as well as suggestions for improvements in the procedures and processes of applications and approval for permission to operate under MCO. The authority for approvals is Ministry of International Trade and Industry (MITI) and CIDB is the authority to process applications related to the Construction Industry.

2. Background and Status of ECPs

- 1) Of the total number of 2,662 ECPs registered with the Board of Engineers Malaysia (BEM),
 - a. 45% (1,200) are Body Corporates (Sdn. Bhd. and Multi- Disciplinary)
 - b. the remainder 55% (1,462) are partnerships (230) and sole proprietorships (1,232).
 - c. Of the Body Corporates, only 1 is Public Listed and about 15 can be considered as large companies.
 - d. Thus 99% of the ECPs are in the SME category.
- 2) ACEM carried out an online rapid survey recently to gauge the impact of the MCO on ECPs in Malaysia. The survey was also intended to gauge the impact of covid-19 pandemic and readiness of the engineering consultancy business and industry to resume and sustain business post the MCO with the following returns:
 - a. The MCO has imposed various magnitudes of disruptions to the Engineering Consultancy Practices (ECP) with more than 85% associated with late fees collection and billings. This has the most adverse impact as it diminishes the ability of the ECP employer to pay wages.
 - b. 29.4% of the practices has zero income since March 2020 and 50% can only sustain their business for 1-2 months under the current scenario. Ultimately, pay cut and/or staff retrenchment become inevitable.
 - c. One of the main reasons for the non and late payment is that projects especially construction are stalled, resulting in productivity falling below 30% among 60% ECP (0% productivity for construction supervision works).
 - d. Non-execution of consultancy agreement is another reason for non-processing and remittance of payment despite deliverables and services rendered by the ECP.
 - e. Low productivity is also prevalent due to the lack of support system and limited working space to efficiently work from home.
 - f. 40% of the respondents has 50% of their workforce prepared to resume work during the MCO but regulated under stringent safety environment, in order to increase productivity.
 - g. 50% of their workforce are not prepared to return to work just yet for fear of contracting covid-19 and passing it on to their families especially their small children.
 - h. The survey has also indicated that 53% will require more than 6 months to arrive to the pre-MCO working situation, with close to 30% requiring financial aid in the form of loan or borrowings.

3. Feedbacks and Suggestions

- a) ACEM is concerned that based on the recent experience in applying for permit to work during MCO, **red tapes could one of the major factors stifling rapid revitalisation of the construction industry and the economy as a whole.**
- b) The procedure should be simplified.
- c) There is a **need to appreciate the supply chain (Professional Services) of the construction industry.**
- d) **For construction, the input for Professional Services are mandatory for the Contractors to work.** This is because the works need to be supervised by the PSPs (Engineers and Architects) and subsequently to obtain the CCCs.
- e) Thus **a faster way** is for **the contractor to apply** and **include in their applications the names of the PSPs and other Professional Services related to the project.** **The approvals shall then cover for all firms involved in specific construction sites.**
- f) The idea for this relaxation to work during MCO is to have an early start to revitalise the construction industry. This is one of the main strategies to revitalise the economy as construction has a high economic multiplier effect within and across economic sectors.
- g) However the process and procedures are onerous with conditions imposed on the firms that exposes them to high risk e.g. Item 19 of the MITI SoP. This dampens the enthusiasm shown by the Professional Services to apply.
- h) The application procedures could be simplified if the **Ministries and Departments could give a higher degree of trust and confidence that the Professional Services would not deviate from their expected roles and responsibilities.** Most of the firms are well established and the professionals experienced. All are licensed and regulated by their respective Professional Bodies and **would not do anything to jeopardise their registration.**
- i) Construction Industry is **not just about construction works but the feasibility studies, planning and design aspects** are integral.
- j) In fact this is very important for the sustainability of the revitalisation efforts. There cannot be construction works without designs and tender. Thus every effort should be given **to expedite “tender readiness” to sustain subsequent construction works.**
- k) Therefore **this aspect of activities should also be allowed during MCOs.** Moreover ECPs are concern that deliverables be met on time to avoid penalties.
- l) **Clients (including Government sector) too are concern as delays will affect project deliveries** and e.g. for the private developers, penalties from house buyers.
- m) **99% of ECPs are SMEs** with 55% proprietorships and partnerships. **All are vulnerable to fluctuations in cashflow.** They therefore need to start work soonest. No work, No income, paycuts and staff cuts will be inevitable.
- n) Thus **the Government should allow them to go work under MCO.** This is **the same principle applied to the smaller G1 and G2 contractors.**
- o) From feedback and experience during MCO, the full design works cannot be achieved when Working From Home (WFH). Heavy duty software are mostly stand-alone and located in the office. Staffs have no or limited access to these from home. There are also the limitations on the capacity of the computers and stability of the internet network.

- p) Staffs are also limited in terms of a conducive working environment due to many living in homes with limited space. There are also family disruptions are inevitable under such circumstances.
- q) Thus back to work in office is necessary.
- r) The Kementerian Kesihatan is concern that mass return to work would jeopardise existing efforts to control covid-19. This is understandable and ACEM supports this concern. ACEM is confident that all ECPs will abide by the SoPs especially with those conditions that exposes ECPs to high risks.
- s) In any case ACEM survey indicates that only 50% of the staffs are prepared to travel and work under covid-19 environment. In fact most ECPs would work on a minimum team size on rotation daily.
- t) Thus **for Studies, Planning and Design works in office**, a simpler procedure would be for the **project owners to apply and submit together with the list of ECPs involved**. For Government projects, the project owners include JKR, JPS, Local Authorities, DOE and other project implementing agencies.

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