

PRESS STATEMENT
FOR IMMEDIATE RELEASE

**ARCHITECTS CALL FOR MORE IMMEDIATE STEPS IN PRIHATIN
SME+ ECONOMIC STIMULUS PACKAGE TO HELP STRUGGLING
PROFESSIONAL SERVICES FIRMS**

KUALA LUMPUR, 10 April 2020 - Pertubuhan Akitek Malaysia (PAM), the professional body for Architects in Malaysia welcomes the Government's latest PRIHATIN SME+ Economic Stimulus Package of 6 April 2020 but calls for further immediate cash flow measures to employers to relieve struggling professional services firms.

Like all professional services, Architect firms employ mainly professional and technical staff with entry-level salaries at or just above RM4,000 ceiling for wage subsidies announced in PRIHATIN SME+ package. Thus, Architect firms whether small or larger, and similarly all professional services firms, are largely unable to benefit from the latest wage subsidies in PRIHATIN SME+.

Furthermore, while 90% of the total 1,682 architect firms employ below 20 persons with an estimated total of 9,000+ employees, there are as many and more jobs at stake in the remaining 10% medium-to-large firms with 20 – 350 employees where there is an estimated total of over 20,000 people employed in the architecture industry (excluding public sector).

(Note: SME Corp defines small firms as below: 30 employees OR RM3mil turnover.)

As construction works are suspended during MCO period and re-commencement will need to be staged progressively to adhere to Covid-19 health safety requirements and time needed for the large supply chain to remobilize, a further slowdown of the already depressed building and construction sector is expected with significant loss of jobs and potential recessionary outlook post-Covid before the national and global economy recovers. Thus, Architect firms and the building sector are in need of immediate, impactful short-term relief measures and to prepare soon for mid- and longer term recovery policy and stimulus.

PAM calls on the government to urgently implement the following short term actions and to consider mid-longer term measures as follows:

- 1) PAM calls on Government to release all outstanding fee payments to Architects (and other professional building consultants) on public sector projects including state development agencies, for invoices dated on or before 29 Feb 2020, immediately or within 2 weeks after end of MCO. Almost all Architect firms are already burdened by accrued outstanding fees equivalent to 6 -12 months total salaries in the firm.
- 2) PAM calls on Government to urge or incentivise (through the waiver of SST on these previous outstanding invoices) all GLC developers and private sector developers (mostly registered with REHDA) to similarly pay in full the outstanding fee payments to Architects and other professional building consultants, on all fee invoices dated on or before 29 February 2020, immediately or within 2 weeks after end of MCO.
- 3) PAM calls on the Government to raise the ceiling salary of RM4,000/month to **RM6,000/month** for 3 months wage subsidy entitlement, to apply to all employees in Architect and all professional services firms registered with their respective professional boards (eg. Lembaga Arkitek Malaysia (LAM) and statutory boards for Engineers, Surveyors, Planners, Accountants, Lawyers, etc). This wage subsidy should apply to **ALL EMPLOYERS** in Architect firms regardless of size of firm as the total employees in medium-large firms exceed those employed in smaller firms as mentioned above.
- 4) PAM also calls for the Government to allow the same fixed wage subsidy of RM1,200/month for 3 months for each professional qualified employees earning above RM6,000/month, regardless of size of firm, for all registered Architect firms and professional services firms registered with their respective professional boards as above.
- 5) PAM calls for the Government to reduce the PRIHATIN condition of 6 months to **3 months** to retain all employees for firms to be entitled to wage subsidy. In addition, PAM urges the Government to allow for right-sizing exercise after 3 months, not exceeding retrenchment of 15% total staff for small firms below 30 employees and not exceeding 25% total staff for larger firms above 30 employees. This is necessary to enable professional service firms to prevail in view of the deteriorating economic outlook particularly in the building and property industry in the wake of the MCO period.
- 6) PAM thanks the Prime Minister for urging Employers to engage with Employees for mutually beneficial solutions in the spirit of **“No one left behind”**.

PAM calls for Government to allow firms to take on “*Sharing the Burden*” approaches through temporary across-the-board workhours and salary reduction measures (4-day week with 20% reduction and up to 3.5-day week with 30% reduction) during and/or immediately following the MCO period.

In fact, such reduced workhours with reduced employees at workplaces is viewed as a necessary practical solution to allow “***Social Distancing***” to be achieved in offices, workplaces, shops and factories, to ease congestion during the anticipated 6-9 months of post-MCO recovery period where it is imperative to adhere to precautionary public health safety requirements to prevent recurrence of the pandemic.

- 7) PAM also calls for Government to consider one-time grant subsidy to professional firms to improve IT infrastructure to enable “***Work from Home***” (WFH). PAM calls for grant of RM5,000 per professional employee to subsidize the immediate purchase of additional laptops with professional design software and to upgrade cloud-based platform communication capacity (BIM 360).
- 8) PAM calls for Government to waive Employee EPF contributions for 3 months from April to June 2020 to increase take home pay and cashflow for all employees. PAM also calls for Government to pay 50% subsidy to firms for Employer EPF contribution for 6 months post MCO.

The above short term measures will help to immediately ease cash flow as our firms’ typical 1-2 months reserves run out, will help to retain jobs and ensure the survival of professional services firms which are needed for the development and construction industry and contribute substantially to the GDP. The most urgent relief such as the immediate release of outstanding fees on public and private sector projects, do not incur direct costs to the Government. PAM believes firms and individuals alike must strive to assist the Government’s efforts on the basis of “*Help us to help ourselves*”. The proposed relief measures by the Government will help our adversely affected professional services firms survive the lower productivity during MCO and immediate post-MCO recovery period.

- PAM also calls for Government to allow limited operations permit in the MCO and immediate post-MCO period, for professional staff in all registered Architect , Engineer and Quantity Surveyor firms to enable building professionals to assist construction projects to be inspected for payment certifications to affected Contractors and to assist to supervise and

ensure construction works that need be progressively re-commenced in the MCO and immediate post-MCO period, will operate in strict adherence to all mandatory post-MCO public health safety precautionary measures.

- The progressive uplifting of suspension of construction projects, whether by priority to essential public-interest projects, construction project above 50% completion, etc. will help mitigate the delay caused by the MCO to construction works and to the eventual completion and handover of units by Developers to their Purchasers.
- Architects and Engineers are also needed to administer the contractual issues of delay and extension of time for the suspension of construction works to be addressed in the post-MCO period. Similarly, it is expected that in this unprecedented Government regulatory action and Covid-19 pandemic, that is regarded as Force Majeure by the definition of the widely used PAM Contract 2006 (2018), there are arising contractual issues relating to eventual handover of buildings by Contractors to Building Owners and handover of units by Developers to Purchasers, that shall imminently call upon the responsibilities of Architects to help administer.
- PAM is working to assist CIDB and REHDA and building industry stakeholders to work towards progressive uplifting of shutdown on construction works and eventual stepping up to normal works progress in parallel and in adherence to all mandatory post-MCO public health safety precautionary measures.

PAM will soon call for further mid- to longer term measures needed to assist job retention and stimulate the recovery of the building and development industry, to ensure the survival of Architect and professionals firms to provide essential professional services needed for the national economy to recover during the coming months post-MCO before anticipated recovery begins in 2021.

“Diam Diam Kerja dari Rumah” “No One Left Behind” “Sharing the Burden” “Help Us Help Ourselves”

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For more information, please visit www.pam.org.my.

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About Pertubuhan Akitok Malaysia (PAM)

Pertubuhan Akitok Malaysia (PAM) - is the national professional institute representing registered Architects in Malaysia.

PAM represents over 5,000 members comprising professional Architects, graduates and students. Apart from its registered address in Kuala Lumpur, PAM membership is also represented across Malaysia with chapters in Sabah, Sarawak, Penang (Northern Chapter), Kuala Terengganu (East Coast Chapter) and Johor Bahru (Southern Chapter).

PAM headquarters is located at PAM Centre in Bangsar, a low-energy low-carbon GBI Platinum-rated green building and result of an open architectural design competition.

In 2009, PAM pioneered the Malaysian Green Building Index (GBI), the green certification system that sets design and performance specifications of buildings and township developments to ensure they are environmentally sustainable. Since 2009, the GBI has certified 250 million sf of new development in Malaysia, spearheading the way towards a national green transformation and tangible action to address climate change.

PAM organises the annual Kuala Lumpur Architecture Festival, PAM Design Excellence Awards and maintains an extensive programme of events and publications on architectural matters relating to professional practice and training, including public interest issues relating to building industry, sustainable development and environment. PAM also hosts a monthly "Meet the Architects" session to assist the public seeking relevant advice and guidance.

PAM mission statement:

"To promote the advancement of architecture and the architectural profession for the betterment of society".

For more information, please visit www.pam.org.my or contact:

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