



MCO to RMCO Timeline

MCC (18/3 -) 1 & 2 · 13/4)			MCC (14/4	3 & 4 - 4/5)		CMC (4/5 - 9	
18/3	Start of MCO	10/4	Announcement that Architectural Firms	23/4	Meeting at PMO with representatives of		10/5	All architecture firms allowed to reopen
27/3	PRIHATIN Economic Stimulus Package		that meet MITI criteria may apply to		professional bodies		18/5	Results of PAM survey
30/3	Economic Action		Reopen on 27/4	27/4	Architecture firms with MITI approval			Released to Members
00/0	Council (EAC) – sets up Construction Sector	15/4	Facing Uncertain Times - PAM		allowed to reopen		19/5	Presentation to Prime Minister at EAC meetig
Working Group Mee	Working Group Meeting at		President addresses members on FB Live	28/4	Meeting with MITI to discuss reopening of			on Issues and Challenges in
	Prime (PMO)			professional services during MCO		Restarting the Construction Sector		
6/4	PRIHATIN SME+				3			
8/4	PAM issues press release on SME+			5/5	PAM Survey on the Impact of the MCO and Covid-19		19/5	MITI meets stakeholder on SOPs for CMCO
7/4	MITI (PSPN) Meeting				Pandemic on		20/5	PAM Presentation to
	Action Plans for Govt				Architect firms			Minister of Finance at meeting on Economic
	Stimulus Program							Recovery Plan



MCO to RMCO Timeline

CMCO (10/5 - 9/6)				RMCO (10/6 - 31/8)		Towards recovery (from now on	
21/5	A Conversation with PAM President (2) on FB Live	2/6	Minister of Works meets with building industry on RMK-12 (12th Malaysia Plan)	25/6	PAM webinar "Kata Kota" on urban issues post Covid	• Economic recovery plans for architects : RMK-12	
23/5	Meeting with Jabatan Perumahan Negara (JPN) at KPKT on EOT and delay to Vacant	3/6	MITI meeting on industry proposals for Covid Bill	26/6	Beta Testing of LAM Fee Stakeholder	 Covid Bill to mitigate contractual disputes 	
	Possession due to MCO	5/6	PAM submission to MOF for Budget 2021		System for HDA housing Projects	 Retain and Rebuild capacity of Architects 	
24/5 27/5	Hari Raya Aidilfitri Meeting with REHDA on EOT for VP	5/6	PENJANA Econmic Stimulus Package	4/7	With PAM - • Promo Architectural architec	communityPromote Malaysian architects' expertise	
29/5	BFM Interview on Climate Action (World Environment Day)	7/6	PAM CSR donates 1000 PPEs to Hospital Serdang		Practice Post Covid-19	 To improve resilience in housing, urban planning 	



30 March 2020

Economic Action Council (EAC) sets up Construction Sector Working Group - first meeting at PMO.

23 April 2020

Meeting with Minister (Economic Affairs) Dato' Seri Mustapa Mohamed in Prime Minister's Office (PMO) on economic recovery measures

Reduce Costs Of Doing Business/ Easing Cash Flow

A. Payment of outstanding fee invoices for work completed

- Government, GLCs, GLICs and private sector developers to pay all outstanding fees for work completed on invoices dated before MCO
- ii. Waive SST on outstanding invoices pre-MCO to incentivise private sector Developers
- **iii. Fix a period of honouring invoices** for all professional services firms, consultants, contractors and suppliers.



B. PRIHATIN SME+ Wage Subsidy for Professional Firms

- i. Raise ceiling salary of RM4,000/mth to RM6,000/mth
- ii. Allow the same fixed wage subsidy of RM1,200/month for 3 months for each professional employee earning below RM6,000/month.
- **iii. Apply wage subsidy to ALL EMPLOYERS** regardless of size of firm. Total employees in the 19% medium-large Architect firms exceeds the total employees working in the 81% small firms (less than 10 persons).
- v. Reduce the PRIHATIN condition of 6 months to 3 months to retain all employees for firms to be entitled to wage subsidy.

Reduce Costs Of Doing Business/ Easing Cash Flow

v. 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 to enable professional service firms to prevail in view of deteriorating economic outlook post-MCO.



C. EPF E-Cap Program ineffective to ease cash flow

- i. Deferment of 3 months Employer EPF contribution to be settled within the following 3 months is ineffective to assist cashflow for most struggling services firms.
- ii. Recent internal surveys show most firms have reserves between 1-2 months only and in the MCO-period would have suffered a severe drop in income.

D. Waive employee EPF contribution & reduce EPF employer contribution

- i. Waive Employee EPF contributions for 3 months from April to June 2020 to increase take home pay and cashflow for all employees.
- ii. Reduce to 7% for Employer EPF contribution for 6 months period post-MCO or from April December 2020.

Reduce Costs Of Doing Business/ Easing Cash Flow

E. Subsidy/ incentives for IT Infrastructure for Building Industry

- i. Provide grant of RM5,000 per professional employee to subsidize the immediate purchase of additional laptops with professional design software and communication capacity.
- ii. Alternatively, double tax deduction for IT expenditure in FY2020 for companies and individuals.
- iii. Government to reduce tax and tariffs on imported IT software and hardware.



F. Low-interest/ Interest-free short term loans

- i. Provide zero or lower fixed-interest loans not exceeding 2% p.a. which would be more easily taken up to assist cash-strapped firms in FY 2020. PRIHATIN 3.5% interest too high.
- ii. Sarawak state government subsidizes local banks to provide loans at zero interest to SMEs up to maximum of 6 months' total staff salary or RM500,000 whichever lower.

G. Exclusion from HRDF levy

i. To exclude Architects from the 1% levy to HRDF. PAM organises and subsidizes most of our mandatory Continuing Professional Development (CPD) courses for its members.

Reduce Costs Of Doing Business/ Easing Cash Flow

H. Waive Service Tax for H2 2020

i. Waive SST for professional services for the remaining FY 2020 to boost services sector.



I. Defer taxes due for 6 Months Post-MCO

i. The Government is urged to defer SST and Corporate Income Tax payments by 6 months.

J. Reduction of Corporate Tax for FY 2020

- i. Reduce corporate tax from 20% to 18% on the first RM500,000 for SMEs for FY 2020 and FY2021.
- ii. Double Tax Deduction for SMEs that maintain their staff for 6 months after MCO
- iii. Consider 3% reduction for personal income tax

K. Address higher development cost in East Malaysia

 Review construction material costs and existing cabotage policies including to equalize freight rates between East and West Malaysia to bring the cost and ease of doing business to be equal or closer to West Malaysia.

Restoring Investor Confidence

A. Improve ease of obtaining Development & Building Permits to boost investor confidence

- i. Determine a fixed processing and approval period for development and building permits
- ii. Speed up and streamline approvals via standard e-submission process for all local authorities.
- iii. Standardise submission checklists as part of the e-submission process nationally
- iv. Enable online invoicing and payment for e-submissions.
- v. Reduce or completely remove requirement for hard-copy submissions.
- vi. Simplify submission processes of smaller scale projects.
- vii. To enforce a single Uniform Building Bylaws for all states in Peninsular Malaysia (excluding Sabah and Sarawak) to streamline approvals and building standards.

B. Appointments to GLCs and GLICs

To instil investor confidence and ensure continuity of on-going development projects, senior executives of GLCs and GLICs should be retained based on performance. New appointments to be given to professionals with a proven track record.



Restoring Investor Confidence

- C. Greater promotion of Malaysia's capabilities in construction sector
- i. Malaysia's management of the Covid-19 crisis is a testimony of the capabilities of the strength of our professional services and human resources, from medical to all other professional services.
- ii. Government to invest further in strengthening our emergency preparedness, research and development capabilities, innovations in public health facilities, etc.



D. Expedite process and procedures for public works

- i. Streamline process and procedures for feasibility studies, tender evaluation, and award of public works. Ensure project progress payment is made promptly
- E. Conduct regular engagement with industry players
- F. Demonstrate high levels of transparency, governance

Increase Domestic Demand

A. Refurbishment & Greening of Older Government Buildings

- i. Refurbish older public sector buildings (above 15 years old) to replace aging low-performing M&E systems, roof insulation, window glazing, light and sanitary fittings, etc. to become more energy efficient.
- ii. Retrofit to increase environmentally sustainable features and certify older buildings with Malaysia's own green rating system, eg. Green Building Index (GBI).
- iii. Creates multiple smaller projects nation-wide for the construction sector. COVID-19 crisis shows up the need for upgrading of IT infrastructure and new design innovation for resilient office & workplace environment for the future.

B. Rehabilitate & Regenerate Deteriorated Urban Housing

i. Rehabilitate and regenerate deteriorated public housing (PPRs) in all our major towns and cities. Imperative to commit and embark on alleviating crowded conditions and loss of open green spaces in public housing, to improve liveability and resilience in future public health crisis situations.



Increase Domestic Demand

C. 1,000 Projects to Revitalise Small Towns and Villages

- Small-to-medium projects across Malaysia new buildings or refurbishment of existing federal/state owned buildings (RM2mil to RM20 million each project - total cost RM10 billion).
- ii. Relevant to the local community, eg. digital libraries, community centres, wet markets, restoration of heritage buildings/ schools, religious buildings, fire-safety retrofits, etc.
- iii. Award projects to each registered architect firm or a collaborative team of 2-3 small practices nationwide. Principle of local expertise serving local communities.
- iv. Wide multiplier effect nation-wide to regenerate local economy.
- v. Promote value of good design; curb rampant illegal constructs that pose life-safety hazards.

D. "Malaysia First" Policy for Engaging local Architects and Engineers

- i. Building and development projects by the Government, its agencies, GLC and GLIC developers, must be awarded to local architect and engineering firms.
- ii. Need to promote and enhance local professional expertise and build further capacity to be competitive globally to increase export of services.
- iii. Reduce fees outflow & trade deficit in "Architectural, Engineering & other Technical Services" which peaked at RM6.96bil (2016) with continued deficit at RM2.75bil (2018)

 Source: SITS/JPM



Increase Domestic Demand

E. Priority for Local Architects and Consultants in Sabah & Sarawak

i. Government building projects in East Malaysia, including those by GLC and GLIC developers in the private sector to be allocated to Sabah/Sarawak based architects and consultants.

F. Increased Development Allocations for East Malaysia

Increase housing supply, education and healthcare access for the rural population and further unlock its vast green tourism potential.



G. Government Tenders to Promote Use of Collaborative SMEs

i. Incentivise the use of collaboration of 2-3 smaller Sole Proprietor firms to provide professional services for larger-scale projects rather than selected often from the small group of larger experienced firms.

H. Expedite and Award New Public Works

- i. Government projects currently undergoing feasibility studies to be expedited for award.
- ii. Bring forward projects through stimulus packages, ie. critical projects for healthcare, utilities, education and rural development, etc.
- iii. Facilitate gradual opening of construction sites as soon as possible.

Supply Chain Sustainability/Self Sufficiency

A. Review housing production to address high development costs

- i. Direct utility providers to review calculation criteria and reduce the inflated contribution fees to reduce development costs towards achieving affordability levels for the rakyat.
- ii. Banks should strive to help close the affordability gap by reducing interest rates for loans for affordable housing as well as review loan approval criteria.
- iii. More incentives need to be put in place to stimulate more development of affordable and mid-range sector of housing production.

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B. Invest in future proofing for emergency preparedness

- i. Prioritise construction of new facilities and upgrading of existing facilities, such as biological labs, hospitals, auditing and retrofitting public facilities for potential use as emergency quarantine centres, or emergency shelters in the future, creation of SOP for constructing temporary emergency field hospitals.
- C. Increase incentives for adoption of Industrialised Building Systems (IBS) to reduce reliance on foreign labour

Supply Chain Sustainability/Self Sufficiency

- D. Emphasise and incentivise training of contractors' trades to ensure quality of work is delivered on small, medium, and large projects.
- PAM
- E. Form a 'Business Recovery Advisory Panel' and invite heads of respective industries to serve on the panel.
- F. To legislate a Covid-19 Bill that is business friendly, supports economic revival of professional services and expedites dispute resolution.
- G. Ensure affordable, fast & stable Internet coverage, negotiate with software companies for more affordable terms and conditions.
- H. Facilitate blockchain technology (while protecting business privacy).







19 May 2020

Meeting at MITI with the DG KKM Datuk Nor Hisham Abdullah to deliberate on SOPs for re-operation of key economic sectors



20 May 2020

Minister of Finance, YBM
Tengku Zafrul meeting with
professional bodies
preceding PENJANA
announcement

Background + Current Issues faced by Architect Firms

Professional Role & Profile

- Architect / Engineer firms are crucial for construction sector to restart due to their role to inspect, supervise, certify construction works and administer the Building Contract. Resident Architect/Engineer provide standing supervision on site and needed at site to enable resumption of construction works. Quantity Surveyors needed to value works done & certify monthly payments.
- 99% Architect firms are SMEs. 90% firms have less than 20 employees. 75% are Sole Proprietors.
- Total workforce of 35,000 in architecture services in Malaysia



Background + Current Issues faced by Architect Firms

Severe Cash flow Challenges

- 90% firms are owed fees from private sector clients.
- 43% owed fees by Government entities.
- 80% are owed fees amounting to 2-6 months salary.
- 84% facing difficulty to pay salaries for May.
- 58% had no collection of fees during MCO. 61% experienced project cancellation.
- 4% firms have decided to close down. 11% considering closure in near uture.
- 70% firms say salary costs in professional firm is more than 50% of overheads.
- 35% could not apply for PRIHATIN SME+ wage subsidy, as they need to reduce salaries / retrench.



Background + Current Issues faced by Architect Firms

Re-starting work during & post MCO

- 54% reopened offices partially from 4 May. Low productivity due to WFH, SOPs, safe distancing.
- 86% expected to have re-opened offices partially only after Hari Raya Aidilfitri holiday.



Lack IT Infrastructure

- 61% firms struggled to Work From Home during MCO/CMCO due to limited IT infrastructure.
- 92% firms need immediate funds to upgrade IT infrastructure to increase productivity post MCO with public health precautions continuing till year end.

Recommendations from Architects / Engineers / Surveyors

5 Short-term measures

- Government entities to urgently pay outstanding fees to ease cash flow of majority of firms.
 Waive SST for 3 months post-MCO to incentivize private sector to settle owed fees.
 Private sector accounts for estimated 70-75% of outstanding fees to construction professionals.
- PAM
- Increase PRIHATIN SME+ limit to RM6,000/mth & fix at RM1,200/mth to enable ALL Professional firms access to wage subsidy. Half of total workforce employed in the 10% larger firms (>20 staff).
 Waive or reduce EPF contribution for both Employers and Employees for 6 months from MCO.
- Insurance sector should assist with short term / add-on insurance cover for professional firms
 contractors & individuals performing jobs with potential health risk to mitigate fear factor.
 Subsidize Covid-19 testing costs for foreign workers to help reduce occupational health risk for
 construction services. Need price control on private testing at RM250 or less.
- Subsidy/ incentives to upgrade IT Infrastructure (double tax deduction on IT expenses 2020-21)
- Covid Bill for temporary measures to address extensive contract disputes arising in construction projects due to delays and costs from suspension and re-start of works post MCO.
 Meanwhile, Government to act as 'model client' for private sector to emulate on principles of "Sharing the Burden" in our unprecedented national crisis akin to Force Majeure conditions.

Recommendations from Architects / Engineers / Surveyors

5 Longer-term measures

Improve ease & fix time period for obtaining Development & Building Permits to boost investor confidence and industry efficiency

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- Fully digitize and streamline PBT processes for permits and construction works SOP.
- Malaysia-First policy to appoint architects / professionals for projects in Malaysia andoverseas by government, GLCs, GLICs, private sector developers to reduce huge deficit in trade in Architectural, Engineering & other Technical Services (RM 2-3 billion in 2017-18)
- Implement larger number of smaller projects across nation instead of mega-project in hotspots eg. Retrofit hospitals / repurpose old buildings for pandemic needs, urban replanning to accommodate future epidemics, refurbishment & greening of older government buildings & public housing, more local community projects to rejuvenate small towns.
- Reduce housing production costs to boost housing development recovery.
- Reduce higher development cost in East Malaysia to boost development recovery.



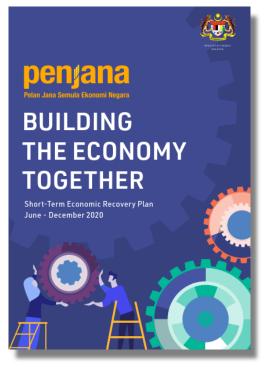
PENJANA Short Term Economic Recovery Plan (5 June 2020) Proposals from PAM incorporated fully or partially



- PENJANA wage subsidy programme of RM600 per employee.
- PENJANA SME Financing (PSF) with interest of 3.5% up to RM500,000.
- Further tax deduction for employers which implement Flexible Work
- Individual income tax exemption of up to RM5,000 to employees who receive a handphone, notebook & tablet from their employer.
- Individual income tax relief of up to RM2,500 on the purchase of handphone, notebook & tablet







- 50% remission of penalty for late payment of services tax due and payable 1 July 2020 to 20 September 2020.
- Grants and loans for adoption or subscription of digitalisation services under specific programs.
- Accelerated payment terms from GLCs and large corporations to vendors.
- National 'Buy Malaysia Campaign' supporting local products and services.





2 June 2020

Meeting with Minister of Works

Submission on PAM's Proposals for RMK-12 (12th Malaysia Plan)



No.	ITEM	PROPOSAL	REMARKS
1.	Implementation of large number of smaller projects across the country Rejuvenation of secondary cities & small towns	To spur the building industry, the Government, across Federal, state & district levels, to implement larger number of smaller projects across the nation, eg: Retrofit existing hospitals / repurpose old buildings for future pandemic needs Rehabilitate under-used older government/state owned buildings to address changing social needs Refurbishment & greening of older government buildings with Malaysia's GBI and other green sustainability standards Rehabilitate deteriorating public housing projects to improve amenities and public areas more new smaller scale, local community projects and upgrading of existing buildings to rejuvenate our small towns (digital library, elderly care centres, upgrade wet markets and community halls, recreation centres, etc)	From 1990s, there has been increasing development of mega-projects in urban hotspots by both government and private sectors. Shifting development focus to secondary cities & towns will help sustain smaller towns and reduce urban in-migration. This will also help address property overhang in and around major cities, stabilize property speculation causing escalation of property prices and unaffordability.
2.	Review urban planning in major cities	 urban replanning to create network of accessible small urban parks for healthy urban lifestyle and liveable cities, accommodate future public health crisis. City public housing to be within walking distance of small urban parks review existing and in-progress Structure Plans & Local plans to accommodate future pandemic situations 	To allow additional time to review and amend Draft Structure Plan for KL and major cities to address resilience of city to pandemic crisis. Alternatively, to add above to agenda of Local Plan



No.	ITEM	PROPOSAL	REMARKS
3.	Use of remaining	• to commit part of undeveloped public land lots in cities	To sustain our cities & towns as centres
	public-owned land bank	and major towns that are owned by government, federal, state	of growth and innovation by improving
	in cities	and city authorities to be used to build more small urban	urban lifestyle wth more amenities.
		parks to promote healthy urban lifestyle.	Increasing use of internet-based Work
		above policy to also apply to land bank owned by	From Home (WFH) in New Normal
	_ (1)	corporatized utilities providers (TNB, Syabas, Air Selangor,	future with to be balanced with more
	0 1	etc.)	liveable cities.
4.	Use of river and	• river reserves to be planned and upgraded to become	To improve urban lifestyle with more
	drainage reserves	accessible to public as green and recreational areas (similar	open recreational amenities to relieve
	-	to KL River of Life project)	future epidemic situations in cities.
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5.	Reduce higher building	Review freight charges between West and East Malaysia	Reduce higher development cost to boost
	development cost in	that increases prices of building materials and building cost in	building and property sector in Sabah/
	East Malaysia	East Malaysia	Sarawak and increase affordability of
			housing for locals.



No.	ITEM	PROPOSAL	REMARKS
6.	Malaysia First policy for building industry	Priority to appoint local Architects and professionals, contractors, building suppliers and use of local buildling	Use of local Architects & Engineers is vital to reduce the huge deficit in trade of
	services and	materials and products for development projects in Malaysia	services in "Architectural,
	procurement	and overseas by Government, GLICs and GLC developers	Engineering & Related services"
	production	and private sector developers. This will retain more jobs,	amounting to RM 6.96B in 2016, RM
		promote Malaysian expertise, build capacity and enhance	3.1B in 2018.
		skills of local firms to prepare local firms for more export of	
		services, reduce brain drain of young graduates (to	
		Singapore, Australia, UK, China, etc)	
7.	Export of Services	More aggressive promotion of our well-skilled, well-	Value of Architect/ Engineers/
		educated and highly experienced Architects and	professional fees forms about 7% of value
		professionals, is needed to build a global brand for	of awarded construction projects in
		Malaysian services (like Singapore has done).	Malaysia, compared to 53% in Singapore.
			This shows large potential to increase
		To showcase of the quality of Malaysia's cities and built	export of services by Malaysian
		environment, award-winning developments projects.	Architects/ engineers.
	<u> </u>		Development consortium strategy with
		Government to incentivize consortium approach with	government backing is more effective to
		financers, developers, contractors, Architects and consultants,	break into new markets than individual
		to be more competitive to secure international projects	firms.



No.	ITEM	PROPOSAL	REMARKS
8.	RFP for separate	Appointment Architects in the RFPs for government sector	Tendering for projects based on lowest
	Appointment of	projects to be based on fair experience and capacity needed	fee is in violation of the Architects Act
	Architects instead of	to service the various complexity and scale of the projects.	1967 which has stipulated a Scale of
	Contractor's Design &		Minimum Fees (SOMF).
	Build	Projects should cease being awarded by Design and Build or	
		Turnkey under Contractors as the contractor will select the Architect / Engineers who accepts their offer of lowest fee, not in compliance to SOMF. Consultants selected in the RFP may then be nominated to the selected Contractor. Government to select pre-qualified Architects on a rotational basis to ensure projects are evenly distributed.	The above SOMF applies to all Architects and Architectural Consultancy Practices (ACPs) which are required by law to be registered with Lembaga Arkitek Malaysia (LAM).
9.	Use of collaborative team of smaller architect practices for large-scale projects	To incentivize collaboration of smaller architect firms to provide services for large-scale projects, to help SMEs build capacity and enhance experience and in any case, the complexity of large-scale projects often requires various areas of expertise.	



No.	ITEM	PROPOSAL	REMARKS
10.	Ease for obtaining	To improve ease for obtaining Development & Building	
	Development &	Permits to boost investor confidence and industry efficiency.	
	Building Permits	Need to shorten & fix time period to secure permits.	
		The Local Authorities (PBTs) need to have more uniform,	
		standardized requirements and procedures for planning and	
		building permits.	
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11.	Reduce cost of IT	To reduce taxes and tariffs on imported licensed design	The cost of imported hardware and
	infrastructure	software and hardware that are needed to boost wider	licensed specilaist design software for the
		adoption of Integrated Digital Delivery and IBS amongst	specific needs of our architecture industry
		Architects, building professionals and contractors.	is extremely high in Malaysia, being
		To reduce or remove 6% Digital Tax to increase affordability	imported from countries such as USA and Germany.
	X X	by Architect and professional firms of which over 98% are	Germany.
		SMEs. 90% of all Architect firms employ below 20 persons.	
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		• 6% Digital Tax to remain on import of professional services.	



Covid-19 Temporary Measures Bill



3 June 2020

Session with Ministry of International Trade and Industry on the drafting of the Temporary Measures Bill to Mitigate the Effects of Covid-19



ACTIONS AHEAD for our Architects profession post Covid

- Covid Bill to mitigate contractual disputes
- Economic recovery plans for Architects :
 - proposals for RMK-12
 - Retain and Rebuild capacity of Architects community
 - Promote Malaysian architects' expertise
- To rethink design and urban planning to improve resilience in design of housing, workplace and urban realm