



MBAM

COUNTRY REPORT

Presented by:

MASTER BUILDERS ASSOCIATION MALAYSIA

(Mr Chung Soo Kiong, Vice President)

51st ACF Council Meeting

26 August 2021 at 10.00 am via Zoom



Presentation Outline

- Malaysian Construction – Overview in Q2 2021
- Snapshot of Current Mega Projects in Malaysia
- Update on COVID-19 situation in Malaysia
- Actions taken by the Malaysian Government
 - Vaccination Rate in Malaysia
 - Economic Sector Operational Status
- Current Challenges of Malaysian Construction Industry
- Actions taken by MBAM
- Trend of Building Materials Prices and Labour Wages
- Present and Future Construction Projects

How did Malaysian Construction Industry did in the last quarter?

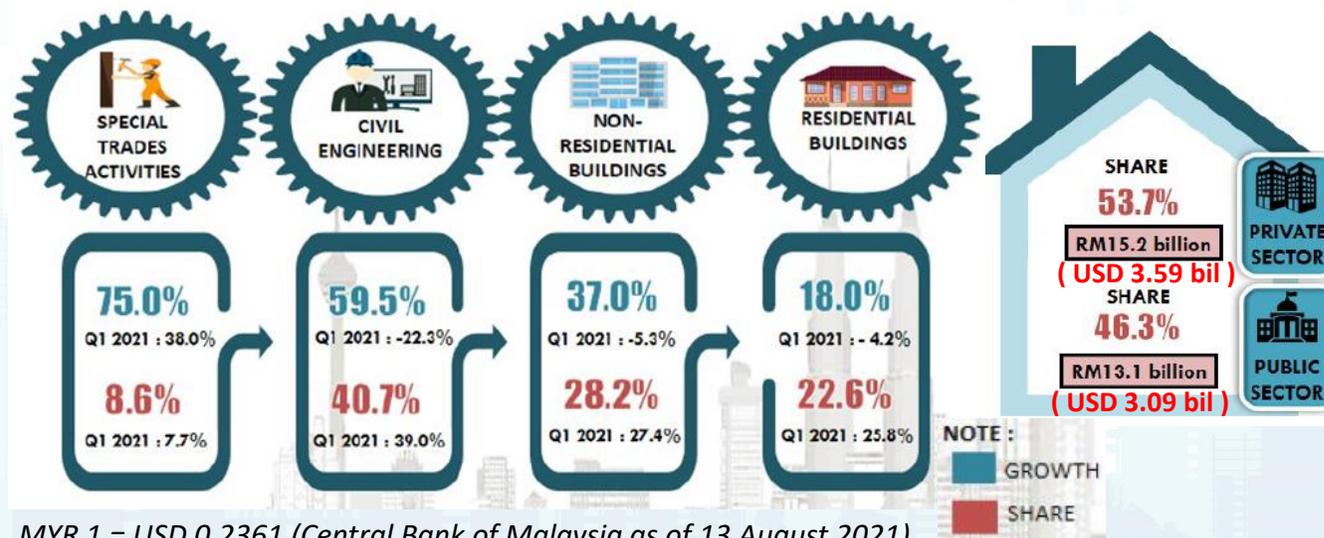
Construction – Overview in Q2 2021

GDP growth turned positive after a year down

- **Malaysia's economy grew by 16.1% in 2Q21** (1Q21: -0.5%) supported mainly by the improvement in domestic demand and continued robust exports performance and the low base during the 2Q20. Economic activity picked up at the start of 2Q21, but slowed down thereafter due to FMCO (in June).
- **Construction sector registered a strong positive growth of 40.3%** (1Q21: -10.4%) amounting to RM28.2 billion / USD6.66 billion, supported by the continuation of large infrastructure projects and on-going implementation of small-scale projects under the 2021 Budget, PEMERKASA and PEMERKASA+ stimulus packages.

Annual GDP Growth of Economic Activity (At constant 2015 prices)	Share 2020 (%)	2020					2021	
		1Q	2Q	3Q	4Q	YEAR	1Q	2Q
Services	57.7	3.1	-16.2	-4.0	-4.8	-5.5	-2.3	13.4
Manufacturing	22.9	1.4	-18.3	3.3	3.0	-2.6	6.6	26.6
Agriculture	7.4	-8.6	0.9	-0.3	-1.0	-2.2	0.2	-1.5
Mining	6.8	-2.9	-20.8	-7.8	-10.4	-10.6	-5.0	13.9
Construction	4.0	-7.9	-44.5	-12.4	-13.9	-19.4	-10.4	40.3
Real GDP	100.0 ¹	0.7	-17.2	-2.7	-3.4	-5.6	-0.5	16.1
GDP Growth (Q-on-Q)	-	-0.5	-16.1	17.3	-1.5	-	2.7	-2.0

1 - Numbers do not add up due to rounding and exclusion of import duties component.
 Source: https://www.bnm.gov.my/documents/20124/4325086/2_Q_table_en.pdf



MYR 1 = USD 0.2361 (Central Bank of Malaysia as of 13 August 2021)

**What are the on-going construction projects
in Malaysia and their updates?**

**Is the COVID-19 situation in Malaysia
improving?**

Although COVID-19 infections in Malaysia are at the peak The cases are mainly asymptomatic or only have mild symptoms (over 98%)

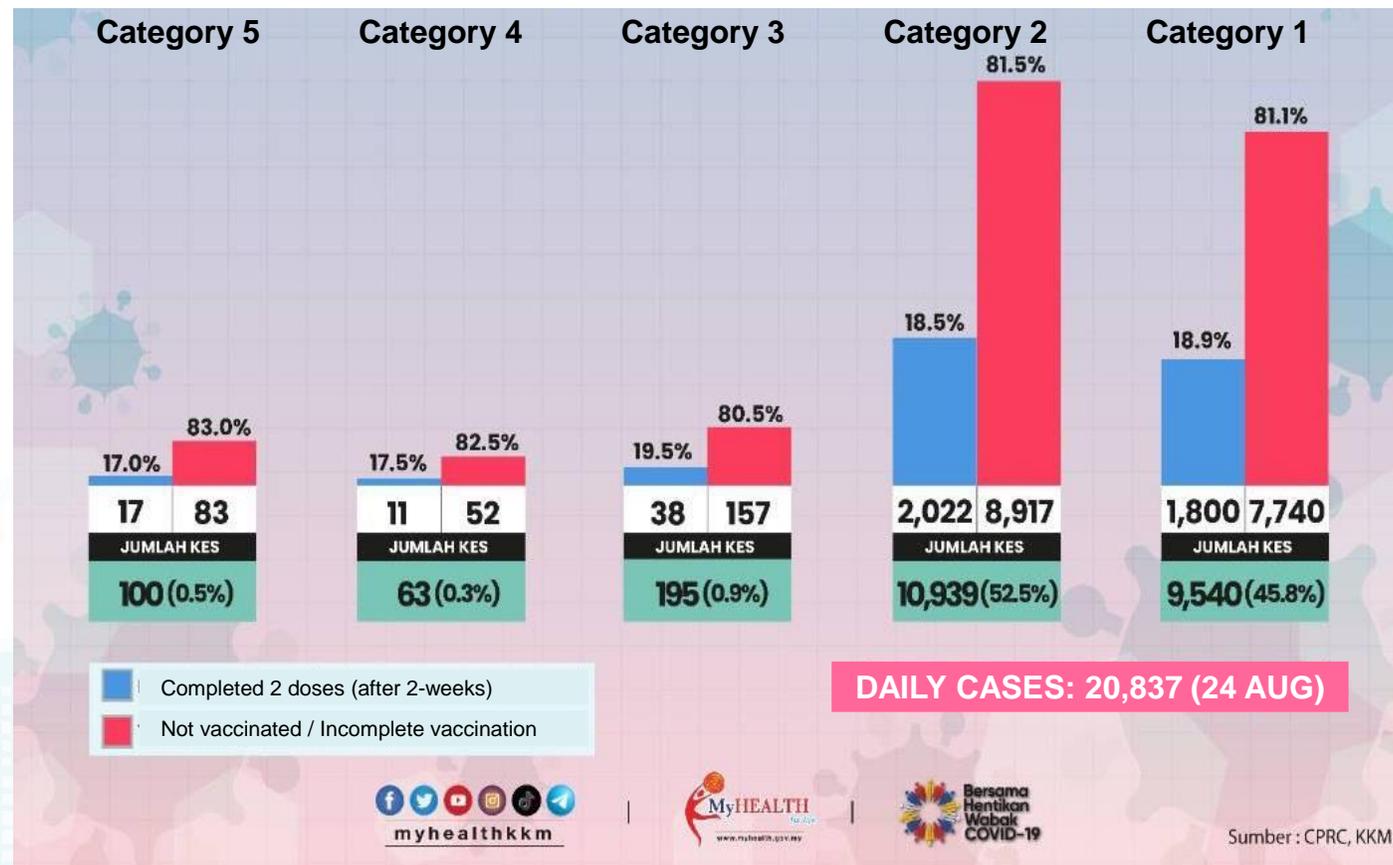
As at Aug 24, 2021:

Number of new cases	20,837
Number of individuals tested	148,208
Positivity rate (%)	14.06

Category 1 [no symptoms]	9,540 (81.1% unvaccinated)
Category 2 [mild symptoms]	10,939 (81.5% unvaccinated)
Category 3 [with pneumonia]	195 (80.5% unvaccinated)
Category 4 [with pneumonia, requiring oxygen therapy]	63 (82.5% unvaccinated)
Category 5 [critical & requiring assisted ventilation]	100 (83.0% unvaccinated)

Number of patients in ICU	1,063
ICU capacity utilisation (%)	76.75
Number of deaths	211

Updated as at 7:30pm, Aug 24, 2021
Sources: CITF, MoH



How is Malaysia dealing with the pandemic?

Actions taken by the Malaysian Government to control the COVID-19 and moving into endemic strategies

National Recovery Plan

- Four-phase exit strategy from the COVID-19 crisis.
- The strategy of National Recovery Plan is based on three indicators.
- - Daily cases
- - Healthcare capacity
- - Vaccination rate

National COVID-19 Immunisation Programme (PICK)

- Under The Special Committee for Ensuring Access to COVID-19 Vaccine Supply (JKJAV).
- To ensure as many residents in Malaysia as possible will receive the vaccine.
- Free for all citizens and non-citizens of Malaysia.
- **Construction Industry Vaccination Program (CIVac)** to complement PICK is an effort by CIDB Malaysia led by the Ministry of Works, with admin fee.

Strategic Programme to Empower the People and Economy (PEMERKASA+)

- Announced on 31 May.
- Package worth RM40 billion (USD9.44 bil).
- 12 strategic initiatives to enhance public healthcare capacity, continue the welfare agenda for the people and to support business continuity.
- **For construction:**
- COVID Act extended to 31 Dec 2021.
- Allocation of over RM2 bil (USD 0.47 bil) for small projects utilising G1-G4 contractors for repair of infrastructure and public facilities.

National People's Well-Being and Economic Recovery Package (PEMULIH)

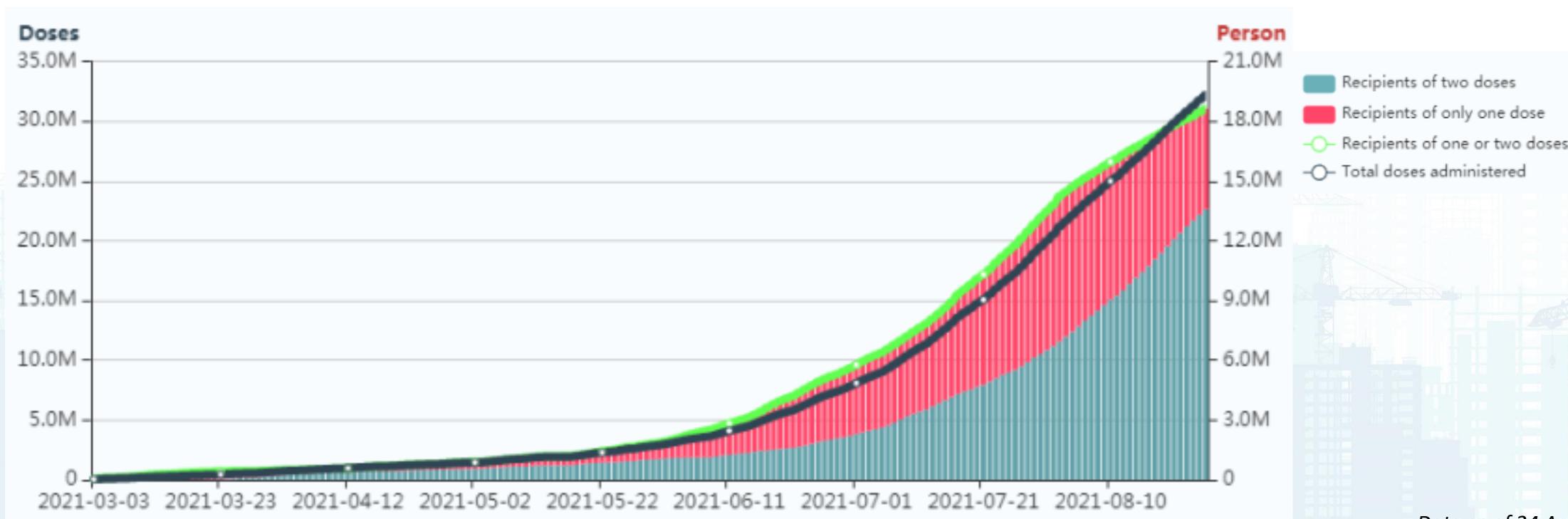
- Announced on 28 June.
- Package worth RM150 billion (USD35.41 bil).
- 3 focuses on continuing the people's welfare agenda, supporting businesses and increasing vaccinations.
- **For construction:**
- VOP for government projects until 31 Dec 2021.
- Assistance for local G1 – G4 contractors.
- New civil engineering, building and electrical work rate schedules.
- Allowance of EOT on government projects.

**Is Malaysian vaccination effort
showing any progress?**

Over 56% of Malaysia's population received complete vaccination

Vaccination rate has seen a dramatic ramp-up despite a slow start

- During the last week reported, Malaysia averaged about **491,245 doses administered each day.**
 - Total doses of vaccination administered: **32.21 million**
 - Population vaccinated: **56.93%**
 - Recipients of two doses: **13.58 million**
 - Recipients of only one dose: **5.05 million**



Data as of 24 August 2021

Sources: <https://www.theedgemarkets.com/article/vaccination-tracker>

<https://graphics.reuters.com/world-coronavirus-tracker-and-maps/countries-and-territories/malaysia/>

**Now that with more people are vaccinated,
what is next for Malaysia?**

More businesses in Malaysia were permitted to resume operations since 16 August 2021 (last Monday) as the country moves to ease COVID-19 restrictions in the economic sector, including **construction industry**.

Non-Essential Activities for states across NRP Phase 1, 2 and 3

Employees involved in the sectors listed must go through the rapid test kit (RTK) every two weeks with the costs of the tests borne by the employers.

Sectors involved are:

For the sectors below, the operational capacity relies on the full vaccination rate of the employees.



Manufacturing and Constructions		Mining and Quarry	
FULL VACCINATION RATE	OPERATIONAL CAPACITY	FULL VACCINATION RATE	OPERATIONAL CAPACITY
80% to 100%	100%	80% to 100%	100%
60% to 79%	80%	60% to 79%	80%
40% to 59%	60%		

**But what are the current challenges faced by
Malaysian contractors?**

Malaysian construction industry still face some challenges

Despite the allowance to resume operations and **what is the mitigation plan?**

- Additional SOP compliance cost – COVID-19 Rapid Test Kit (RTK) every two weeks on all office staff and site workers (local and foreigner) – cost borne by Employers.
 - **MBAM is lobbying for test to be carried out once every quarter.**
- Foreign workers issues – no entry of new workers and no extension of permit.
 - **Recalibration Program (Repatriation) by MY Government extended to 31 December 2021.**
- Double levy payment to the Construction Industry Development Board (CIDB) Malaysia and Human Resource Development Corporation (HRD Corp).
 - **MBAM is still pursuing this matter with respective authorities.**
- Adherence to Act 446 – Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990, to provide conducive living space for site workers in workers' accommodation.
 - **Industry players are cooperating as one of the methods to prevent outbreak.**
- Increase in some building materials prices and previously low on stock.
 - **Mining and quarry sectors are allowed to resume operations since 16 August 2021.**

Other actions taken by MBAM

2-Feb-21

Letter to CIDB on Act 829

4-Feb-21

Memorandum to CIDB on Critical Issues Faced by the Malaysian Construction Industry

FEB

9-Mar-21

Objection Letter to MOW and CIDB on the Expansion of Human Resources Development (PMSB) Act 2001 to Cover Construction Sector

16-Mar-21

Follow-Up Inputs to CIDB on Proposed Improvements to Act 829

MAR

15-Apr-21

MBAM attended a Construction Industry Engagement Session with PM

22-Apr-21

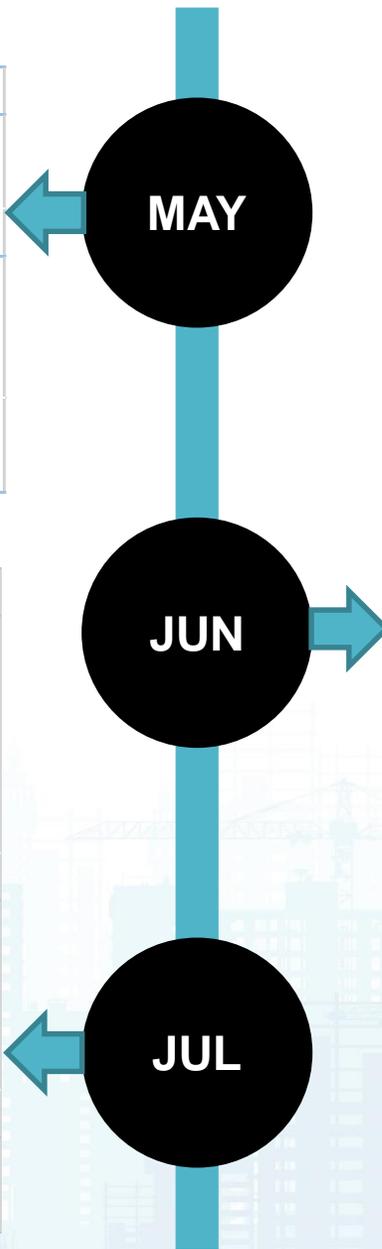
Letter and Memorandum to PM on Follow-Up Feedback after 15 April's meeting

APR

Other actions taken by MBAM

- 20-May-21**
 Letter to MITI on No Lockdown But to Carry On Work with Stricter SOPs
- 24-May-21**
 Letter and Memorandum to PM on Request for Urgent Assistance to Protect the Sustainability of the Construction Sector
 Letter to CIDB for Clearer Guidelines for Construction Industry

- 2-Jul-21**
 MBAM with 35 associations in the construction industry sent a joint memorandum to PM to Give Priority to Construction Industry and Its Related Supply Chain for Vaccination and Reopening of Operations in Stages
- 7-Jul-21**
 Letter to CIDB - Through MBAM, we managed to help our members in registering over 16,000 workers manually in Kuala Lumpur and Selangor for Phase 1 of CIVac
- 8-Jul-21**
 Letter to CIDB - We have also collected registrations of interest for over 61,000 workers for CIVac Phase 2

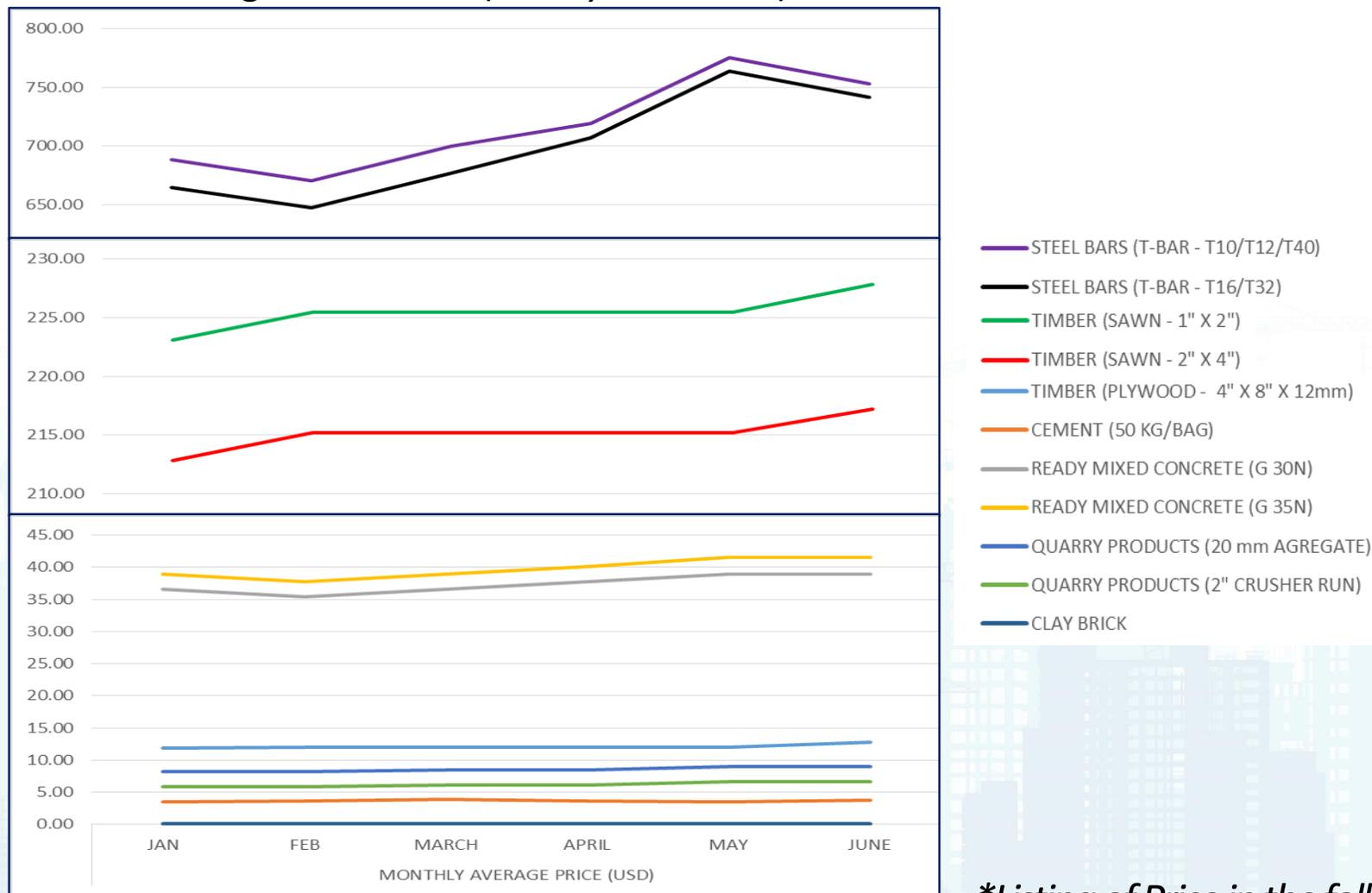


- 1-Jun-21**
 Letter to JKJAV on Proposal to Include Construction Sector Workers in the Industrial Vaccination Program
- 3-Jun-21**
 Appeal Letter to CIDB on Permission for Construction Sector Accounting Staff to Return to Office to Process Staff Salary Payment
- 8-Jun-21**
 Appeal Letter to CIDB on Behalf of Malaysia Quarries Association (MQA) and National Ready-Mixed Concrete Association (NRMCA) to Operate during Movement Control Order 3.0
- 14-Jun-21**
 Appeal Letter to CIDB on Behalf of the Malaysian Iron & Steel Industry Federation (MISIF) and the Malaysia Steel Association (MSA) to Support to Allow Steel Mills Producing Construction Steel Products to operate at 60% during FMCO
 Further MBAM Appeal Letter to CIDB on Quarry and Ready Mix
- 16-Jun-21**
 Letter to Minister In The Prime Minister's Department (Economy) and CIDB on Request for Urgent Assistance to Resolve Issues Related to Approval to Work under COVID-19 Intelligent Management System (CIMS) and Department of Labour (JTK) Approval Process during FMCO
- 29-Jun-21**
 MBAM organised a Virtual Meeting with Contractor Associations and Building Material Suppliers

What is the trend of Malaysian building materials prices and labour wages?

Towards end of Q2/H1 2021, some building materials prices saw an increasing trend namely steel, timber and ready-mixed concrete. However, others remain stable.

Building Material Prices (January – June 2021)*



*Listing of Price in the following slide.

Building Materials Prices (January – June 2021)

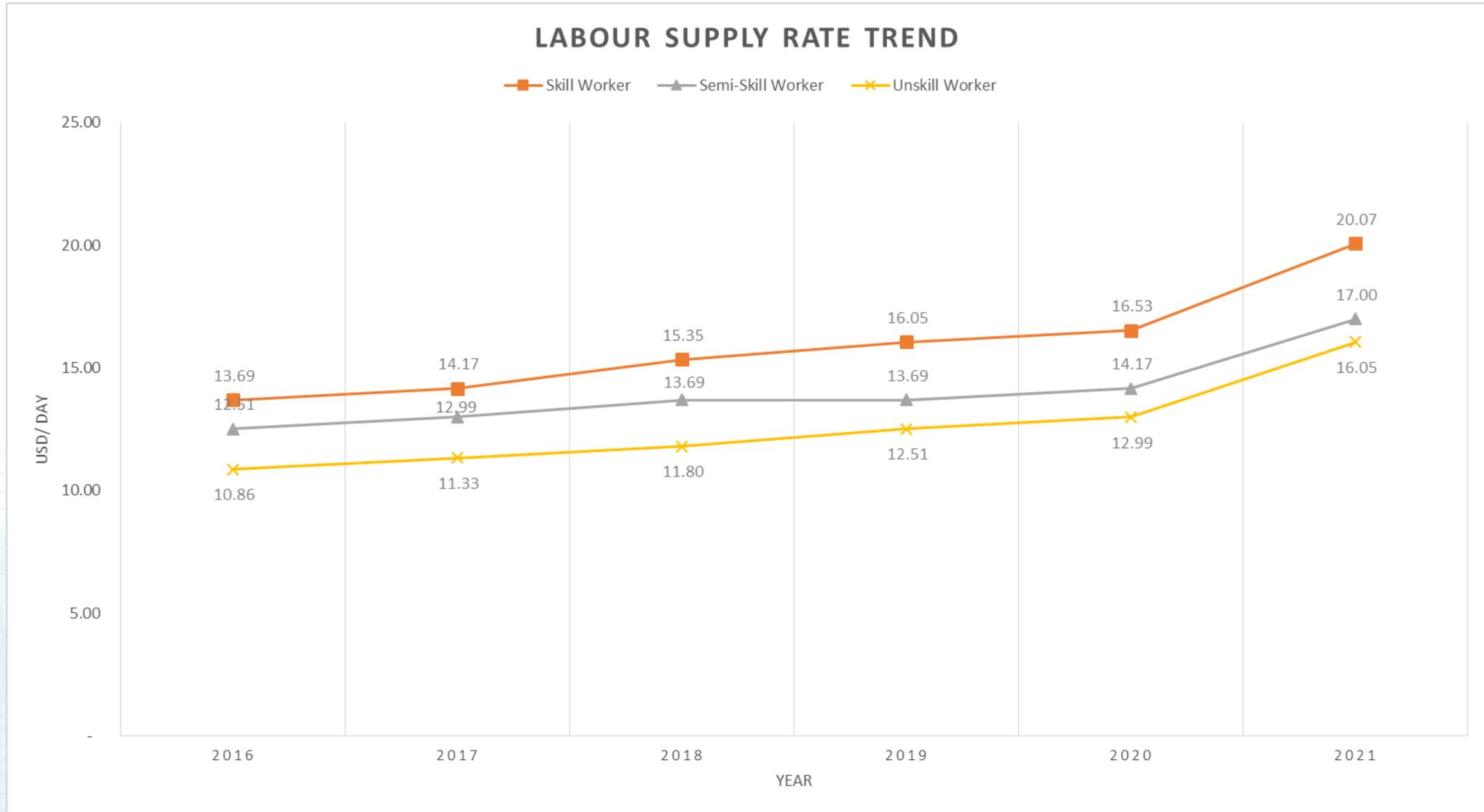
Price List



NO	PRODUCTS	UNIT	PRICE (USD)											
			JAN		FEB		MARCH		APRIL		MAY		JUNE	
			Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest
1	STEEL BARS (T-BAR - T10/T12/T40)	MT	684.69	691.77	661.08	679.97	684.69	715.38	713.02	724.83	724.83	826.35	703.58	802.74
2	STEEL BARS (T-BAR - T16/T32)	MT	661.08	668.16	637.47	656.36	661.08	691.77	701.22	713.02	713.02	814.55	691.77	790.94
3	TIMBER (SAWN - 1" X 2")	TONNE	217.21	229.02	221.93	229.02	221.93	229.02	221.93	229.02	221.93	229.02	224.30	231.38
4	TIMBER (SAWN - 2" X 4")	TONNE	179.44	246.25	184.16	246.25	184.16	246.25	184.16	246.25	184.16	246.25	186.52	247.91
5	TIMBER (PLYWOOD - 4" X 8" X 12mm)	SHEET	11.57	12.28	11.81	12.28	11.81	12.28	11.81	12.28	11.81	12.28	12.51	12.99
6	CEMENT (50 KG/BAG)	BAG	3.39	3.62	3.39	3.74	3.74	3.98	3.15	3.98	3.15	3.86	3.66	3.90
7	READY MIXED CONCRETE (G 30N)	M3	36.60		35.42		36.60		37.78		38.96		38.96	
8	READY MIXED CONCRETE (G 35N)	M4	38.96		37.78		38.96		40.14		41.55		41.55	
9	QUARRY PRODUCTS (20 mm AGREGATE)	MT	8.26		8.26		8.50		8.50		8.97		8.97	
10	QUARRY PRODUCTS (2" CRUSHER RUN)	MT	5.90		5.90		6.14		6.14		6.61		6.61	
11	CLAY BRICK	PIECE	0.069	0.071	0.069	0.071	0.069	0.071	0.069	0.071	0.069	0.071	0.071	0.083

Labour wages have been on increasing trend since year 2016

For all types of workers



**Listing of Daily Labour Wages (July 2021) in the following slide.*

Daily Labour Wages in the month of July 2021, for workers in Kuala Lumpur.



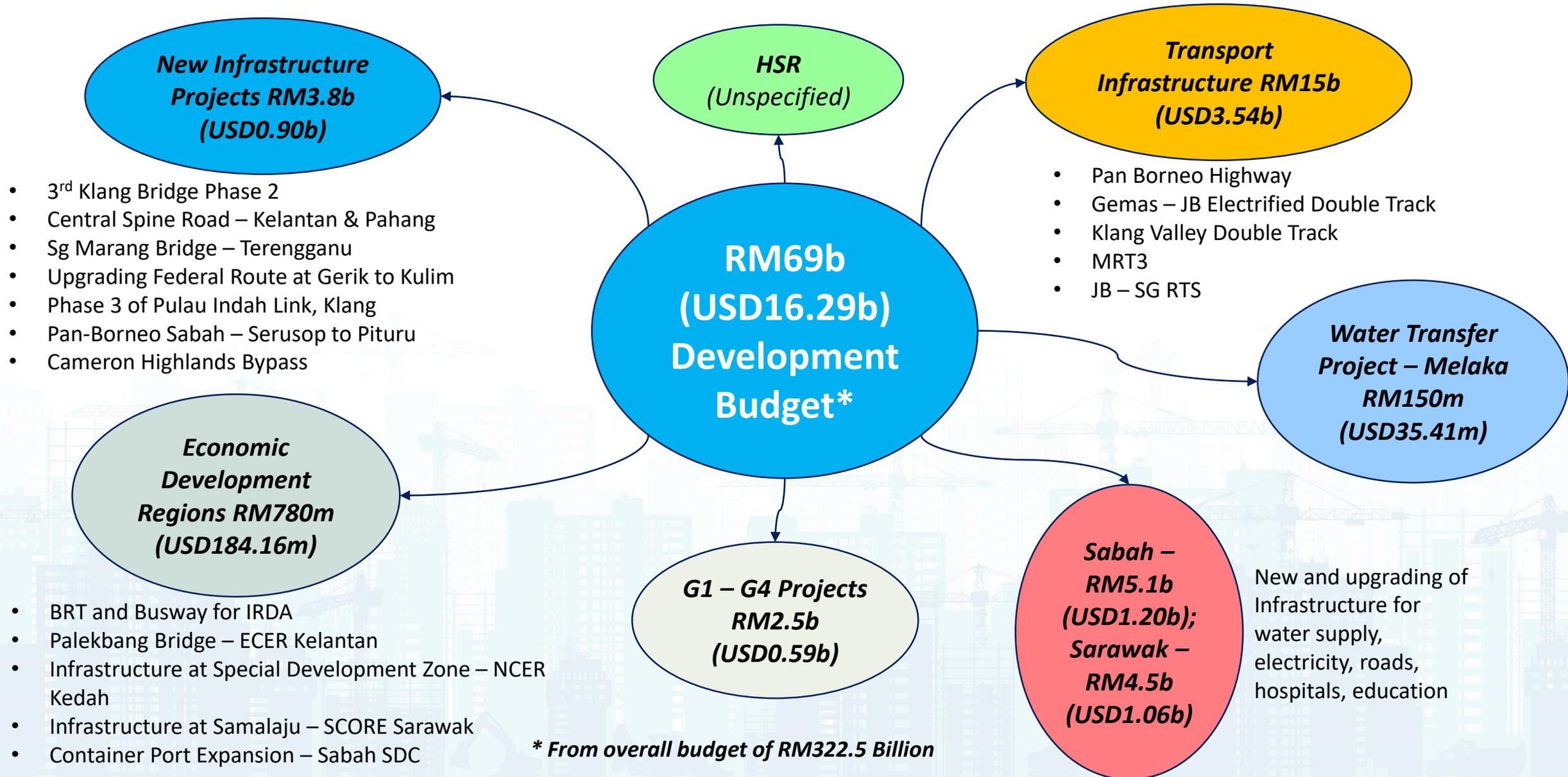
Based in Kuala Lumpur	July 2021
	Daily Wages (USD)
General Construction Worker - Building (Helper)	
General Construction Worker - Building, Local (Helper)	30.69
General Construction Worker - Building, Foreign (Helper)	28.33
Concretor	
Concretor, Skilled, Local	37.78
Concretor, Skilled, Foreign	35.42
Concretor, Semi-skilled, Local	30.69
Concretor, Semi-skilled, Foreign	23.61
Bricklayer	
Bricklayer, Skilled, Local	47.22
Bricklayer, Skilled, Foreign	35.42
Bricklayer, Semi-skilled, Local	35.42
Bricklayer, Semi-skilled, Foreign	23.61
Plasterer	
Plasterer, Skilled, Local	47.22
Plasterer, Skilled, Foreign	35.42
Plasterer, Semi-skilled, Local	35.42
Plasterer, Semi-skilled, Foreign	23.61
Tiler	
Tiler, Skilled, Local	51.94
Tiler, Skilled, Foreign	42.50
Tiler, Semi-skilled, Local	35.42
Tiler, Semi-skilled, Foreign	25.97
Barbender	
Barbender, Skilled, Local	40.14
Barbender, Skilled, Foreign	35.42
Barbender, Semi-skilled, Local	33.05
Barbender, Semi-skilled, Foreign	21.25
Carpenter - Formwork	
Carpenter - Formwork, Skilled, Local	59.03
Carpenter - Formwork, Skilled, Foreign	40.14
Carpenter - Formwork, Semi-skilled, Local	35.42
Carpenter - Formwork, Semi-skilled, Foreign	28.33

Based in Kuala Lumpur	July 2021
	Daily Wages (USD)
Carpenter - Joinery	
Carpenter - Joinery, Skilled, Local	59.03
Carpenter - Joinery, Skilled, Foreign	40.14
Carpenter - Joinery, Semi-skilled, Local	35.42
Carpenter - Joinery, Semi-skilled, Foreign	28.33
Steel Structure Fabricator	
Steel Structure Fabricator, Skilled, Local	40.14
Steel Structure Fabricator, Skilled, Foreign	34.23
Steel Structure Fabricator, Semi-skilled, Local	30.69
Steel Structure Fabricator, Semi-skilled, Foreign	25.97
Plumber - Building & Sanitary	
Plumber - Building & Sanitary, Skilled, Local	33.05
Plumber - Building & Sanitary, Skilled, Foreign	23.61
Plumber - Building & Sanitary, Semi-skilled, Local	28.33
Plumber - Building & Sanitary, Semi-skilled, Foreign	18.89
Plumber - Reticulation	
Plumber - Reticulation, Skilled, Local	35.42
Plumber - Reticulation, Skilled, Foreign	25.97
Plumber - Reticulation, Semi-skilled, Local	28.33
Plumber - Reticulation, Semi-skilled, Foreign	18.89
Scaffolder - Prefabricated	
Scaffolder - Prefabricated, Skilled, Local	35.42
Scaffolder - Prefabricated, Skilled, Foreign	25.97
Scaffolder - Prefabricated, Semi-skilled, Local	28.33
Scaffolder - Prefabricated, Semi-skilled, Foreign	23.61
Scaffolder - Tubular	
Scaffolder - Tubular, Skilled, Local	35.42
Scaffolder - Tubular, Skilled, Foreign	25.97
Scaffolder - Tubular, Semi-skilled, Local	28.33
Scaffolder - Tubular, Semi-skilled, Foreign	23.61
General Construction Worker - Civil (Helper)	
General Construction Worker - Civil, Local	28.33
General Construction Worker - Civil, Foreign	21.25

**What are the other present and future
Malaysian construction projects?**

Most projects are still in progress with new ones waiting to kick-start

Highlights Recap – Budget 2021 for construction industry



Highlights Recap – Budget 2020 for construction industry



RM56b / USD13.22b development expenditure

RM10.9b for rural development, RM30.6b for healthcare services, new hospitals, revival of RTS, Pan-Borneo, Sabah- Sarawak Link Road

RM1.6b / USD0.38b Hospitals

New Hospitals and upgrading/expanding HTAR, Kampar Hospital, Labuan Hospital Queen Elizabeth II hospital in Sabah

RM8.3b / USD 1.96b new rail/road at Port Klang

Serendah-Klang Rail Bypass for cargo shipments, and a privatised dedicated highway linking Northport and Westport (Klang Logistics Corridor)



165km Trans-Borneo Highway

Connecting Sabah and Sarawak to Eastern Kalimantan, including a new CIQ complex. Includes the **RM600m 40km Jalan Kalabakan-Serudong**

Renewable Energy Incentives

- Generating 20% of energy consumption from renewable sources by 2025
- 70% income tax exemption given for solar leasing activities
- Extension of GITA & tax exemption to 2023
- Energy performance contracting implementation for public sector buildings

Mega Projects Revival

- Penang Roads & Tunnels
- Penang Transport Master Plan
- Bandar Malaysia
- Central Spine Road

Medium-term Malaysia Construction Outlook

- Malaysia's construction sector is poised for an upcycle with the revival of Mass Rapid Transit 3 (MRT3) project and expansionary 2021 Budget.
- Construction sector's recovery could remain muted but still backed by Budget 2021's RM37 billion direct infrastructure allocation. This follows the Government's plans to pump-prime the economy.
- Analysts expect the sector's gross domestic product to grow about 15% this year, reversing the 20% contraction in 2020.

Spotlight Projects	Updated Status
MRT Line 3	<ul style="list-style-type: none"> ➤ Cost of the project is between RM20-30 Billion (USD 4.72-7.08 Billion). ➤ Government is considering private funding arrangements of between 10% - 30% as revealed through a recent market sounding RFI exercise. ➤ Tenders expected in 2H 2021, or at least by year-end.
Bus Rapid Transit Iskandar Malaysia	<ul style="list-style-type: none"> ➤ Tender for Infrastructure works on track for 2H 2021
JB – SG Rapid Transit System	<ul style="list-style-type: none"> ➤ Tenders expected in 2H 2021
Warisan Merdeka	<ul style="list-style-type: none"> ➤ Quickened pace seen for residential and commercial packages, delayed from 2020
Central Spine Road	<ul style="list-style-type: none"> ➤ Tenders resumed in August 2020, with over 200km remaining to be awarded
Penang Transport Master Plan	<ul style="list-style-type: none"> ➤ Tenders on track to start end 2021, starting with the South Reclamation Project
Penang International Airport	<ul style="list-style-type: none"> ➤ Likely to be restarted upon resizing and reinstated capex by MAHB

Conclusion

- The Malaysian economy has been anticipated to face challenges in preserving the recovery momentum.
- However, the acceleration of vaccination programme by the National COVID-19 Immunisation Programme (PICK) and National Recovery Plan (NRP) announced by the Government may boost up the households and business confidence to stimulate economic activity and social stability.
- It is still quite a journey for Malaysian construction industry to recover but we are confident that we will revive soon.

THANK YOU,
Stay Safe!

