

Contractors urge government to beef up enforcement

KUALA LUMPUR: Local contractors have urged the government to ramp up enforcement and monitoring to curb profiteering and ensure anti-competition throughout the construction industry's supply chain.

This, they said, was vital for contractors to pull through as prices of building materials continue to soar since October 2020.

The request, together with several other measures to safeguard the construction industry, was proposed by seven contractor associations through a joint statement.

The steep rise in building material prices, they said, had resulted in a 13 to 20 per cent hike in construction costs.

"Some items which have recorded a drastic price hike include mild steel, that soared up to 41 per cent and sand that increased up to 20 per cent since Oct 2020.

"This situation has put companies which profit margins have already been dwindling, under pressure.

"We fervently hope that immediate measures can be taken to address the rising costs of building materials.

"If left unattended, the matter would prolong and it can easily lead to loss-making projects and cash flow crunches.

"Developers may have no choice but to pass on the extra cost into higher house prices which will ultimately burden the people while contractors who are unable to absorb the extra cost may have to halt work," they said.

The associations also urged the government to expedite the entry of foreign workers as the construction industry is currently facing an acute shortage of manpower.

"The variation of price (VOP) clause in contracts for government projects should also be extended for at least another twelve months.

"This is because we can expect price volatility to remain beyond Dec 31, 2021.

"For private projects, the government should encourage project owners to introduce

VOP in their contracts," they said.

Based on data from the Construction Industry Development Board (CIDB) and the **Statistics Department**, the associations said private sector projects comprised 65 per cent of the total projects awarded up to Oct 2021.

"With such huge numbers undertaken by the private sector, it is imperative to give the construction sector the same priority that is accorded to others.

"Otherwise, the country's efforts towards economic recovery would be derailed prematurely," they added.

The seven contractor associations that made the joint appeal include Master Builders Association Malaysia, Real Estate and Housing Developers' Association Malaysia, Malaysian Malay Contractors Association, Malaysian Bumiputera Contractors Association, Guild of Bumiputera Contractors Wibawa (GBC Wibawa), the United Malaysia Contractors Association and the Malaysian Indian Contractors Association.

<https://www.nst.com.my/news/nation/2021/12/754124/contractors-urge-government-beef-enforcement>