

**Notes of Meeting
 PEMUDAH Private Sector Meeting 3/2020
 22 April 2020**

1. OPENING REMARKS

- Chairman YBhg. Dato' Andy Seo Kian Haw welcomed the members to the **Third PEMUDAH Private Sector Meeting of 2020**. The meeting is conducted through Cisco Webex Video Conferencing.
- **Objective of Meeting:** Discuss MCO-related and post-Covid-19 pandemic issues and their solutions as proposed by the members. PEMUDAH will then submit a proposal of counter measure recommendations, based on the outcome of the meeting, to alleviate or minimise business disruptions caused by the issues to YBhg. Datuk Seri Ketua Setiausaha Negara (KSN) and YBhg. Dato' KSU (MITI) for consideration and implementation.
- The first and second PEMUDAH proposal papers of counter measure recommendations were submitted to both Datuk Seri KSN and Dato' KSU (MITI) on 13 and 20 April 2020 respectively. Chairman thanked the members for contributing proposed solutions to the highlighted issues of which some had already been taken up by the Government.

2. PAPER 1: ACCELERATING TAX REFUND PROCESS TO HELP COMPANIES' CASH FLOW DURING COVID-19

A. YBrs. Puan Maimunah bt Ahamad Zambri, Penolong Pengarah Kanan Kastam II (RMCD) presented as follows:

(1) Enhancement of GST Refund Claims Methodology during Covid-19 Pandemic Based On Work-From-Home (WFH) Procedures

- Claims of RM50,000 and below are processed on auto-approved basis since 14-15 April 2020;
- Claims of between RM50,000 to RM100,000 have their retention sums reduced from 20% to 10%. Cross-checking is made with LHDN records and, upon positive verification, refund payment will be made without a site visit. If the claimant's records are not available with LHDN, a site visit will be conducted after the lifting of MCO; and
- Claims of RM100,000 and above have their retention sums / bank guarantees reduced from 30% to 10%. An audit still has to be conducted but refunds will be expedited through risk profiling of claimants.

(2) About 10,000 cases are pending audits of which about 7,000 cases are to be processed under risk profiling.

B. The meeting noted that:

- (1) Dato' Chua (PEMUDAH Member/ Co-Chair of TWGPT) enquired about the total value of outstanding refund claims and the total number of cases involved. He understood that the information was privileged amongst the members of the meeting and members were not to divulge it to the media. The information was needed to gauge the progress being made in refunding. Concern was expressed on the large number of cases that required to be audited relative to the number of auditors which was estimated at about 700. It seemed that the entire audit exercise could take a long time to be completed.
- (2) Mr. MA Sivanesan (MOF) added that an additional allocation of RM2 billion had been set aside for GST refunds. Further allocations will be made available as and when RMCD has cleared a sufficient number of cases for refunds to be made. He was of the view that the information enquired on could be disclosed in aggregate to the meeting.
- (3) Puan Maimunah informed that, as at 16 April 2020, outstanding GST refund claims totalled RM6.97 billion involving 135,741 cases or 77,621 companies. Prior to this, 67,000 claims for value below RM50,000 were processed involving 59,000 companies and totalling RM13.6 million.
- (4) Chairman suggested that Dato' Chua could discuss the matter further with Puan Maimunah separately and then revert with his report to the members in a subsequent meeting.

C. The meeting agreed that:

- (1) Dato' Chua can discuss the matter further with Puan Maimunah separately and then revert with his report to the members in a subsequent meeting.

Action: Dato' Chua

3. PAPER 2: HOLISTIC STRATEGY FOR EMPLOYMENT OF WORKERS (FOCUS ON FOREIGN DIRECT WORKERS)

A. YBhg. Dato' Seri Wong Siew Hai (PEMUDAH Member/ Co-Chair of TWGEW) presented as follows:

- (1) **Proposed Strategy for Foreign Workers in Malaysia: A 4-Pillars Holistic Approach to Resolve Foreign Workers Issue over 3 to 5 Years**

• Pillar 1: Transparency

Strengthen the transparent process for applications and approvals for documented FWs via an online end-to-end application process. Process-based approvals will be without manual intervention.

Pillar 1 will use a Multi-Tier Levy Mechanism (MTLM). Institute of Labour Market Information & Analysis (ILMIA) had set out a mechanism based on a sectoral ratio between LWs and FWs with levy rates increasing higher with employing of more FWs. Higher levy rates are hoped to discourage lower-value jobs. The industries have proposed another levy mechanism different from the ILMIA model, i.e. plantations sector wants to base its FW requirement on hectares of land.

Industries' feedback on the MTLM has also been consulted.

- **Pillar 2: Legalisation / Replacement**

Manage illegal FWs. Enforcement must be more stringent to prevent the spiralling increases in the number of illegal FWs.

Establish an online registration process for illegals. Within a year's time after registration, an illegal has to have an employer failing which he will be repatriated. Registration of illegals will allow for benefits for the country such as a comprehensive database of FWs in the country.

- **Pillar 3: Incentives for Industries**

Encourage and incentivise companies to automate and digitalise to improve productivity.

Automation and digitalisation requires funding, common automation platform development, incentives and creating greater awareness on the need to increase productivity.

- **Pillar 4: Enforcement**

All FWs must have an employer.

Effective enforcement against illegal FWs is the key to resolving FWs issues. 56% of all applications to hire FWs were rejected which led to the hiring of illegals. Integrity issues and inadequate manpower lead to weak enforcement. A system of regular enforcement checking for illegals has to be implemented. A deterrent system is needed against employers who hire illegals.

(2) Industry Concerns / Solutions

- Industry Concern 1: Dangerous, difficult and dirty (3D) jobs are not wanted by LWs.
Proposed Solution 1: Improve wages and create societal respect for 3D job through rebranding.
- Industry Concern 2: Poor discipline and attitudes of LWs.
Proposed Solution 2: Inculcate universal values of commitment, responsibility and discipline in schools.

(3) **Endorsement is requested from PEMUDAH by 5 May 2020 of the following proposed items:**

- Pillar 1 to Pillar 4 including the MTLM;
- Attract FWs especially illegal FWs to undergo Covid-19 testing and to register themselves (To capture statistics on illegal FWs);
- Simple process redistribution and replacement between companies/industries with shared cost consideration;
- Moratorium of 4 months to find an employer failing which FWs leave the country under voluntary repatriation without being fined or blacklisted;
- Wage subsidies and Employment Insurance System should be extended to FWs to reduce the negative social impact of FWs such as robberies and snatch thieves; and
- Amnesty programme for voluntary repatriation should be re-announced with least JIM formalities and without any costs.

B. The meeting noted that:

- (1) Mr. David Anthony Jones observed that the proposed MTLMs were based on salary levels criteria and drew attention to the need to also base criteria on the skills sets of workers such as a skilled machinist. Dato' Sri Wong duly noted the point which would be taken into consideration in the future under a separate proposal.
- (2) Encik Foo commented that the MTLM was not suitable for the construction industry and he would submit a counter proposal to Dato' Sri Wong.
- (3) Chairman thanked Dato' Sri Wong and TWGEW for preparing the proposal paper. He noted the important need to document illegal FWs and under the current MCO period FWs were not allowed to enter Malaysia. There is uncertainty as to the duration of the MCO.
- (4) YBhg. Tan Sri Soh voiced support from FMM for the MTLM.
- (5) Dato' Sri Wong emphasized that TWGEW was requesting PEMUDAH to indicate support and/or concerns for all the 10 recommendation points and whether further work was required from TWGEW on the proposal. The members requested to be furnished a copy of the proposal paper for their consideration and they would revert accordingly through PEMUDAH Secretariat by 5 May 2020.
- (6) Chairman suggested that the proposal should also focus on *Labour Mobility and Migration Issues in Reviewing and Sustaining Businesses During and Post-Covid-19.*

C. The meeting agreed that:

- (1) TWGEW requested PEMUDAH to indicate support and/or concerns for all the 10 recommendation points and whether further work was required from TWGEW on the proposal.
 - (i) PEMUDAH Members are to be furnished with a copy of the proposal paper for consideration. Members to revert accordingly to indicate their support and/ or concerns on the proposal through PEMUDAH Secretariat by 5 May 2020.

Action: Secretariat / All PEMUDAH Members

4. PAPER 3: OVERVIEW OF CYBERSECURITY TECH RELIEF FOR BUSINESS CONTINUITY (#DIGITALVSCOVID)

A. YBrs. Ir. Wan Murdani Wan Mohamed (MDEC) presented as follows:

- (1) The Covid-19 Pandemic has worsened the global cybersecurity threats landscape with a 6-fold increase in phishing attempts since end-February 2020 and more than 1,000 malicious corona virus-themed websites being set up daily.
- (2) Working-From-Home (WFH) should be based on Remote Access, Identity Management, Data Protection, Security Monitoring and Cybersecurity Awareness.
- (3) Remote Access allows internal network access and encryption protection. Identity Management provides authentication security against cyber-attacks. Data Protection solves data leak prevention and information security issues. Security Monitoring offers visibility (against cyber-attacks) and security operation continuity.
- (4) MDEC offers a MDEC Cybersecurity Tech Relief under #DigitalvsCovid initiative on free trial up to 90 days that is particularly suitable for SMEs. The objective is to enable and support businesses and the public sector in their continuity into the “new normal” of business needs in view of the Covid-19 Pandemic.

B. The meeting noted that:

- (1) PEMUDAH will assist to disseminate the availability of the MDEC Cybersecurity Tech Relief to the general public by posting it on its website. Ir. Wan Murdani will provide a link to the Secretariat.

C. The meeting agreed that:

- (1) PEMUDAH will assist to disseminate the availability of the MDEC Cybersecurity Tech Relief to the general public by posting it on its website. Ir. Wan Murdani will provide a link to the Secretariat.

Action: Ir. Wan Murdani / Secretariat

5. PAPER 4: PROPOSAL ON ONE-STOP CENTRE FOR BUSINESS ADVISORY

A. **Tan Sri Abdul Rahman Mamat (PEMUDAH Member) presented as follows:**

- (1) A One-Stop and Integrated Centre for business consultation for SMEs has been established at the premises of Malaysian International Trade & Exhibition Centre (MITEC) in Kuala Lumpur. It is scheduled to be operational in July 2020 after the MCO is lifted.
- (2) The centre will assist SMEs in the challenging post-Covid-19 Pandemic situation by providing a business-friendly platform to access to government economic stimulus packages, financial and insurance institutions' products and services as well as marketing and export/ technology/ training and development/ logistics services from the public and private sectors.
- (3) Government agencies and government-linked companies (GLCs) and also private sector corporates are invited to utilise the facilities at the centre in a conducive environment either free-of-charge or at cost-effective charges depending on the duration and the extent of usage.
- (4) MITEC has also set up a Smart Trade & Technology Zone (STZ) in conjunction with the one-stop centre to facilitate B2B interactions. Bookings for use of the STZ facilities have to be made via online.

B. **The meeting noted that:**

- (1) The proposal on One-Stop Centre for Business Advisory offered by MITEC has been put in the PEMUDAH Second Proposal Paper and submitted to KSN and MITI on 20 April 2020.
- (2) Chairman suggested that the existence of the centre be disseminated to the public by uploading it into PEMUDAH Website and Facebook page. Tan Sri Abdul Rahman was agreeable to the suggestion.

C. **The meeting agreed that:**

- (1) The existence of the centre to be disseminated to the public by uploading it into PEMUDAH Website and Facebook page.

Action: Secretariat

6. PAPER 5: RECOGNISING DIGITAL INDUSTRY AS AN ESSENTIAL SERVICE

A. **Mr. Danny Lee, Chairman, PIKOM presented as follows:**

- (1) The proposal to designate the digital industry as an essential service is premised as follow:
 - IT support and services are to be considered essential services;
 - Subject to the SOPs and conditions imposed under the MCO; and

- Limited to not more than 50% of the total staff to work at the office or on-site.

(2) Information and Communications Technology (ICT) accounted for 18.5% of the Malaysian economy and employed 1.12 million workers in 2018.

(3) ICT-related sectors allowed to operate during the MCO are telecommunications, data centres, e-commerce and E&E distribution and retail.

(4) During the MCO, within the ICT sector and its ecosystem, government and corporate users, vendors and principals, system integrators and distributors are facing IT support and services issues such as:

- Not able to perform periodic updates for non-essential sectors;
- Remote support for hardware and software is not able to be performed fully;
- Limited capabilities to enable Work-From-Home;
- Cybersecurity vulnerabilities are not addressed adequately; and
- IT Business Continuity Plan is lacking especially among SMEs.

B. The meeting noted that:

(1) Dato' Syed Mohamed (MITI) commented that KKMM was the approving authority for ICT-related applications seeking designation as essential service.

(2) Mr. Ganesh added that many PIKOM member companies had applied to KKMM for essential service designation under different categories. IT Support and Services should be the standardised category for such applications. He requested to know who the contact person in-charge was for MITI in KKMM. Dato' Syed will provide the contact details to the Secretariat for forwarding to Mr. Danny Lee.

(3) Chairman described IT support and services as very important services. He encouraged PIKOM to pursue the application for designation of IT support and services as essential services with KKMM through assistance from MITI.

C. The meeting agreed that:

(1) Dato' Syed will provide the contact details of the person in-charge for MITI in KKMM to the Secretariat for forwarding to Mr. Danny Lee.

Action: Dato' Syed Mohamed (MITI)

7. PAPER 6: UPDATE ON COMPETITIVENESS REPORTS 2020

A. PEMUDAH Secretariat presented as follows:

(1) PEMUDAH coordinates and monitors reforms and improvements for Malaysia in the World Bank Doing Business Report. Latest status: Secretariat is monitoring

TWGs to submit data updates on on-going reforms and data review request via an online link provided by The World Bank.

(2) PEMUDAH Secretariat coordinates and administers information and data gathering for IMD World Competitiveness Yearbook (WCY) and the World Economic Forum (WEF) Global Competitiveness Report (GCR). Latest status: Executive Opinion Survey and hard data compilation from Ministries and agencies for WCY had been completed. Executive Opinion Survey is being distributed to respondents for the GCR with the current progress of responses received by WEF at 72%.

8. OTHER MATTERS

The following issues/matters were raised to be addressed/ noted by the meeting:

(1) Construction industry's MCO exemption applications rejected without reasons given. Uncertainty whether approval given was for multiple sites or a single site. Mr. Foo (PEMUDAH Member) informed that rejections were notified without any reasons given whether the information was incomplete or any site was not allowed to operate.

A company had applied for approval for several sites but approval was given under a single company name only and hence it was not clear whether the approval was for all the sites applied for. Suppliers of materials for on-site use also require exemptions.

(i) **The meeting noted that:**

- a. Dato' Syed informed that all major construction sites were listed with Kementerian Kerja Raya (KKR). Each approval is given to a specified site only. Appeals can be made to KKR for rejections.

(2) Can the head office of a company operate with minimum staff manning key functions such as purchasing and human resources to support their construction worksites which can operate after obtaining MCO exemption?

(i) **The meeting noted that:**

- a. Dato' Syed said that this was not allowed. Any appeals can be made to KKR.

(3) 24-Hour Operation Companies Facing Difficulties

YBhg. Tan Sri Soh (PEMUDAH Members) referred to MCO 2 having imposed 8 a.m. to 8 p.m. operation hours. Local councils are checking on operations of businesses.

(i) **The meeting noted that:**

- a. Dato' Syed said local authorities were tasked to monitor businesses' operating hours. Companies especially certain manufacturers which need to operate 24-hours daily can apply to KSU MITI for approval.

(4) **Setting a Day in the Week for PEMUDAH Private Sector Meetings during MCO.**

Dato' Chua requested that a specific day in the week be set for PEMUDAH Private Sector meetings to be held.

(i) **The meeting noted that:**

- a. Chairman informed that the Secretariat had decided to fix Wednesday as the day of the meeting on a weekly basis commencing from 11.00 a.m.

(5) **Focus of Meeting 4/2020: Business Continuity.**

Chairman informed that Meeting 4/2020 would focus on the issue of business continuity as some businesses would fail and unemployment would rise due to Covid-19. Members were encouraged to contribute relevant topics for discussion.

9. ADJOURNMENT OF MEETING

The meeting adjourned at 1.00 p.m. with a word of thanks from Chairman to the members for their presence and contributions to the meeting, and wished all Muslim members *Selamat Berpuasa* as the month of Ramadhan would begin later in the week.

The next meeting is scheduled to be held on Wednesday, 29 April 2020 at 11.00 a.m.

SECRETARIAT

THE SPECIAL TASK FORCE TO FACILITATE BUSINESS (PEMUDAH)

25 APRIL 2020

ATTENDANCE LIST

Chairman

YBhg. Dato Dr. Ir. Andy Seo Kian Haw
PEMUDAH Co-Chair / Vice President, Federation of Malaysian Manufacturers (FMM)

PEMUDAH Private Sector Members

1. YBhg. Tan Sri Abdul Rahman Mamat	Chairman Asia Logistics Council
2. YBhg. Dato' Pardip Kumar Kukreja	Executive Chairman Paradise Group of Company
3. YBhg. Dato' Seri Wong Siew Hai	Chairman MAEI
4. YBhg. Tan Sri Teo Chiang Kok	The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM)
5. Mr. David Anthony Jones	Managing Director APAC Chartered Management Institute
6. Mr. Ganesh Kumar Bangah	Immediate Past Chairman, The National Tech Association of Malaysia (PIKOM)
7. Mr. Foo Chek Lee	President, Master Builders Association Malaysia (MBAM)
8. Tan Sri Soh Thian Lai	President, Federation of Malaysian Manufacturers (FMM)

ABSENT WITH APOLOGIES

9. YBhg. Tan Sri Azman Shah Dato' Seri Harun	President, Malaysian Employers Federation (MEF)
10. YBhg. Datuk Wira Jalilah Baba	Group Chairman, PKT Logistic Groups Sdn. Bhd
11. YBhg. Dato' Abdul Latif Hj Abu Seman	Director General, MPC

OTHER INVITED GUESTS

12. Mr. Jaya Singam Rajoo	Ministry of International Trade and Industry (MITI)
13. Dr. Asmawi Noor Saarani	MITI

14.	Mr. MA. Sivanesan	Ministry of Finance (MOF)
15.	Mr. Adam Douglas	MOF
16.	YBhg. Dato' Radziah Abdul Razak	Royal Malaysian Customs Department (RMCD)
17.	Tuan Mohammad Sabri Saad	RMCD
18.	Puan Sakenah Begum Md Nazir	RMCD
19.	Puan Siti Maimunah Ahamad Zambri	RMCD
20.	Tuan Mohd Firdaus Abd Samad	RMCD
21.	Ir. Wan Murdani Wan Mohamad	Malaysia Digital Economy Corporation (MDEC)
22.	Mr. Danny Lim	The National Tech Association of Malaysia (PIKOM)
23.	Mr. Ong Kian Yew	PIKOM
24.	Mr. S. Sugumar	Malaysia Productivity Corporation (MPC)
25.	Mr. Leong Kin Choong	MPC Associate

SECRETARIAT

26.	Mr. Zahid Ismail	MPC
27.	Ms. Wan Fazlin Nadia Wan Osman	MPC
28.	Mr. Muhd Adha Abd Hamid	MPC
29.	Ms. Nurul Farahaton Najihan Jusoh	MPC
30.	Ms. Rabiatul Hana Ishak	MPC