

NOTES OF MEETING
PEMUDAH Private Sector Meeting No. 10/2020
18 June 2020

1. OPENING REMARKS

- Chairman YBhg. Dato' Dr. Ir. Andy Seo Kian Haw commenced the **Tenth PEMUDAH Private Sector Meeting of 2020** via Cisco Webex video conferencing at 11.00 a.m. on 18 June 2020. He welcomed everyone who was in attendance to the meeting and informed that YBhg. Dato' Abdul Latif Abu Seman, Director General MPC, would join the meeting later as he was attending another meeting.
- Chairman briefed about the meeting held on 12 June 2020 between YBhg. Datuk Seri KSN and five PEMUDAH members. Datuk Seri KSN had agreed to resume the PEMUDAH meetings, the first of which was tentatively fixed for 23 July 2020. The mode of the meetings has not been decided on yet whether by way of virtual meetings or physically-present meetings or a hybrid of virtual with physical presence. Datuk Seri KSN welcomed the valuable inputs in the form of escalated issues and recommendations submitted by the private sector via PEMUDAH during this challenging period and suggested that KPPA be his co-chair.
- Chairman informed that the Minister of Finance had on 15 June 2020 announced the Royal Malaysian Customs Department (RMCD) would commence GST refunds from 22 June 2020 and the refunding would be completed by end-December 2020. This positive development followed on from the meeting held between MOF, RMCD, MPC and PEMUDAH on 2 June 2020.
- PEMUDAH should continue to provide inputs and recommendations to assist the Government in formulating the best workable and practical policies to support businesses to gain faster post-MCO recovery.
- Encik Zahid Ismail, Deputy Director General MPC, informed a TWG E-Payments meeting had been scheduled on 23 June 2020 which would be co-chaired by YBhg. Dato' Othman Semail, TKSU MOF and YBhg. Datuk Wira Jalilah Baba to discuss e-Payments.

2. PAPER 1: SME PEER LEARNING – FINDINGS FROM EEPN SERIES OF BUSINESS RECOVERY SEMINARS BY LENOUVEAUPRO

A. YBhg. Professor Datuk Dr Wong Lai Sum, Chairman, LeNouveaupro presented as follows:

(1) MPC together with LeNouveaupro ran a 3-webinar series to look into business recovery in the Covid-19 and post periods. The webinars identified challenges faced by companies and strategies to overcome them and also assisted SMEs to understand how to develop recovery plans and seize market opportunities.

- (2) The webinar speakers comprised captains of industries, economists, restructuring and turnaround specialists and an expert on APEC.
- (3) Eighteen challenges were identified by the participant companies such as business confidence deterioration, liquidity constraints and loss of customers.
- (4) Businesses New Normal: Relook at business models and supply chains, re-strategise factory operations and ensure sustainability. Consumers New Normal: E-commerce and online retailing, online learning and health, wellness and hygiene management, etc.
- (5) **Factors Impacting Recovery:**
Business and public confidence, consumer spending, any relapse of the pandemic, business sustainability, supply chain risks and political stability.
- (6) **5-Pronged Strategic Roadmap to Recovery:**
 - Building business confidence through mind-set change;
 - Improving business landscape for business continuity;
 - Rebalancing the economy;
 - Access to markets and supplies in Malaysia and overseas; and
 - The Government to review policy frameworks.
- (7) **A Recovery Action Plan** is to be implemented simultaneously by the Government and the business sector using five strategies as follows:
 - **Strategy No. 1** - Building business confidence in the New Normal such as fast and appropriate response from the Government to the crisis while businesses work with the Government to reschedule operations;
 - **Strategy No. 2** - Ensuring business continuity and sustainability such as the Government allowing as many sectors and their supply chains as possible to resume operations while businesses maintain contact with suppliers and customers and look for new customers;
 - **Strategy No. 3** - Rebalancing the economy such as the Government re-skilling and re-training the unemployed for industries requiring human capital while businesses take in the re-skilled and re-trained;
 - **Strategy No. 4** - Enhancing foreign and domestic investments such as the Government tailoring incentives and reviewing policy frameworks while businesses provide feedback to the Government and review their supply chains to go for on-shore sourcing; and
 - **Strategy No. 5** - Sustaining and growing new opportunities for exports such as the Government helping SMEs to connect into the supply chains and provide advice on market access while industry associations and MNCs can also assist SMEs to connect to supply chains.
- (8) **Thirteen Key Considerations** were presented in relation to seizing market opportunities which include the following:
 - The Government and businesses have to coordinate with one another for an environment safe from disease and for business continuity;

- Manage profitability expectations and take smaller steps for the move forward;
- Businesses have to realign to global supply chain disruptions so as to remain relevant to their customers;
- Use technology in the New Normal for new opportunities; and
- Business re-engineering, customer segmentation and reviews of processes are important and to be done urgently.

(9) **Future Industry Outlook** identified the prospects of various sectors as follows:

- Near-Term Upside - Medical supplies & services, personal & healthcare, E-Commerce, ICT and food processing & retail;
- Potential Upside - Manufacturing, automotive and construction & real estate; and
- Long-Term Upside - Education, agriculture, aviation & maritime and tourism & leisure.

(10) **A modest economic rebound** is expected as follows:

- Within 3 months - Food and beverages manufacturing and services, private education and personal services;
- Within 12 months - Electrical and electronics, wholesale and retail trade, wood products, textiles/wearing apparels and health; and
- More than 12 months - Tourism, most manufacturing and professional & technology.

B. The meeting noted that:

- (1) Dato' Seri Wong Siew Hai (PEMUDAH Member) informed that, in addition to the 3 webinars on business recovery, Electrical & Electronics Productivity Nexus (EEP) had also collaborated with the Digital Productivity Nexus to organise a successful webinar on digital transformation as well as with **T Lions?** to hold a webinar on Industry 4.0 (IR 4.0). Two other webinars on IR 4.0 were also held in collaboration with the University of Malaya and the University of Aachen, Germany. EEP will hold virtual advisory clinics for E & E-related companies in July 2020 and registration had begun. Thereafter, EEP will hold trade clinics through MATRADE and offer coaching for companies.
- (2) Dato' Pardip (PEMUDAH Member) commented he had been in business many years and noticed economists, experts and the Big 5 would predict during crises that most economies would return to normal within 3 or 6 months. He attributed economic recovery basically to hard work and common sense. Prof Datuk Dr Wong responded that it was usual for experts to predict the future. The presentation was based on feedback received from webinar participants who were industry players. She added the business community needed an action driver to render them assistance.
- (3) Mr. David Jones (PEMUDAH Member) was of the view that digitalisation and automation implementation needed greater emphasis to make industries more efficient and competitive. The current New Normal was an opportunity to drive the emphasis. Businesses should be motivating and improving their staff and

not retract to their old management and leadership styles. Workers had to be reskilled and retrained so as to address significant unemployment.

- (4) Chairman commented on the need for a strategy to minimise conflicts between federal, state and local governments. Prof Datuk Dr Wong saw the implementation of standard operating procedures (SOPs) as a means to facilitate the operating of businesses.
- (5) Dato' Seri Wong mentioned about much concern being expressed over a possible second wave of Covid-19 infections. The Government should re-look at the protocols to more effectively allow businesses to continue to operate during a movement control order than what transpired during the MCO/CMCO/RMCO periods. Prof Datuk Dr Wong suggested that MITI could share their database with the other Ministries so as to avoid frustrating companies.
- (6) Chairman said the Government had already built up a database on companies during the MCO and should not require companies to provide information which was already available. Public-listed companies should not be required to disclose market sensitive information. Dato' Seri Wong added companies should not be required to register again as they had many suppliers.
- (7) YBhg. Tan Sri Soh Thian Lai (PEMUDAH Member) suggested PEMUDAH looked into the many number of SOPs and procedures and have them updated for consistency so as to foster business confidence and that the next PEMUDAH meeting should discuss the issue. Dato' Chua Tia Guan (PEMUDAH Member) added it was necessary to synchronise SOP implementation at the federal, state and local levels.
- (8) Tan Sri Teo Chiang Kok (PEMUDAH Member) expressed concern over uncertainty whether new SOPs supersede the old or not and over the Government's micro-managing of businesses which might not be extinguished over time, thereby reversing de-regulation or self-regulation. Eventually, the Government may have to be requested to relinquish micro-managing.
- (9) Chairman pointed out MITI only coordinated SOPs with the other Ministries and Agencies. Encik Jaya Singam (MITI) concurred with Chairman's comment and acknowledged there were many authorities involved with too many SOPs. He would escalate this issue to MITI senior management to seek standardisation of SOPs and would report to the meeting after obtaining direction.

C. The meeting agreed that:

- (1) Encik Jaya Singam will escalate the issue of many authorities involved with too many SOPs to MITI senior management to seek standardisation of SOPs and report back to the meeting after obtaining direction.

Action: Encik Jaya Singam (MITI)

3. PAPER 2: ISSUE UNDER MACHINERY & EQUIPMENT PRODUCTIVITY NEXUS (MEPN) - STREAMLINING SAFETY PASSPORTS/CARDS FOR BETTER PRODUCTIVITY BY THE ELECTRICAL & ELECTRONICS ASSOCIATION OF MALAYSIA (TEEAM) & ZICO LAW

A. YBrs. Mr P. S. Lee, Honorary Secretary, TEEAM presented as follows:

(1) The Machinery & Equipment Productivity Nexus (MEPN) working group meeting of 4 June 2020 decided to address the following issues and escalate them to PEMUDAH:

- The National Institute of Occupational Safety and Health (NIOSH) issues too many safety passports; and
- Duplication of safety programme contents of safety passports, green cards and permits by different agencies such as NIOSH, CIDB and Petronas.

(2) The Scenario:

- Safety Passport is a pre-requisite for an external individual to undertake work in a client company. NIOSH conducts 19 types of Safety Passport programmes - 10 are industry-based such as in oil and gas, electricity utilities and expressways and 9 are company-specific with almost similar programme contents. Safety Passports are necessary for specialised work or in high-risk industries (oil and gas, chemicals, etc.).
- Findings of a benchmarking study were shown to the meeting. It compared the differences between the NIOSH programmes and programmes run by Occupational Safety and Health Administration, USA, SafeWork SA, Australia and Health and Safety Executives, the UK in terms of pass validity period, learning method, programme duration, fees and scope.
- It is client companies and not NIOSH that require multiple or company-specific safety passports.
- A list of the NIOSH Safety Passport Programmes and CIDB and Petronas Safety Courses was presented to the meeting.

(3) Problem Statement (1):

- NIOSH issues too many safety passports causing service providers unnecessary course fee costs and time consumed and their employees are required to attend multiple safety courses with similar contents.

(4) Recommendations:

- NIOSH should run online courses as is the practice in the USA and the UK;
- Safety Passports should be classified only on the industry or subject matter. NIOSH should have just one General Safety Passport (Safety Passport System - All Risks) for each type of industry or subject matter which is low-risk;
- Safety Passport programmes that are company-based and with similar contents should be discontinued;
- NIOSH should extend Safety Passport validity periods up to 5 years;

- NIOSH should list out multiple courses attended in a single card just like different classes are listed out in a driving licence;
- NIOSH should insert a QR Code into safety passports to enable checking of courses that contractors had attended; and
- NIOSH should review course contents every 5 years to meet current industry safety standards.

(5) **YBrs. Cik Nik Syafiqah Nik Ibrahim, Senior Associate, ZICO Law continued the presentation as follows:**

(6) **The Scenario:**

- In addition to their contractors already having NIOSH Safety Passports, some multinationals require them to also have a CIDB Green Card to work on their premises; and
- In addition to having NIOSH and CIDB Safety Passports/Green Cards, some companies (e.g. Petronas) also require their contractors to undergo their in-house programmes and training.

(7) **Problem Statement (2):**

- Duplication of safety programme contents of safety passports, green cards and permits issued by different agencies such as NIOSH and CIDB and by Petronas is leading to an increase in the costs of doing business. The time and costs incurred to attend various training programmes are a burden and the programme contents are quite similar.

(8) **Further Analysis Required:**

- It is necessary to determine whether the contents of the various programmes can be streamlined and the number of safety courses can be reduced where there is duplication.

B. The meeting noted that:

(1) Chairman enquired whether MEPN had taken up the issue with NIOSH and CIDB. He saw the need to rationalise the various types of cards. Mr. Lee informed that MEPN members had held dialogues with NIOSH.

(2) Encik Steven (MEPN member) explained most companies required CIDB cards as well as their own cards. However, most of the course syllabuses were the same.

(3) Encik Foo Chek Lee (PEMUDAH Member) explained that Green Cards were only a basic safety card for site work. Card requirements depended on the type of work to be done For example, confined work places or working in oil and gas required certain types of cards. Petronas had collaborated with CIDB on cards for use at their Penggerang, Johore site.

(4) Tan Sri Teo commented that Gas Malaysia Bhd (GMB) only allowed their approved contractors to undertake gas intake point works and this could lead to collusion between contractors as only a limited number of approved

contractors could bid for jobs with GMB. Secondly, only certified competent personnel were allowed to maintain facilities such as TNB sub-stations and most of them were company retirees who received competency certificates as a “golden handshake” and they often sub-contracted out the maintenance works. Tan Sri Teo queried whether this arrangement could be viewed as a safety passport issue or just as an avenue for company retirees to continue their employment. Chairman termed this issue as relating to competency.

- (5) Chairman suggested that the Secretariat should assist MEPN to organise a webinar for a panel discussion involving NIOSH, CIDB and the other stakeholders. Encik Zahid Ismail concurred with the suggestion and said a PEMUDAH proposal could be submitted to the relevant Agency in order to harmonise the use of safety cards.
- (6) Encik Zahid Ismail added the Secretariat would liaise with Tan Sri Teo to analyse the anti-competition nature of the arrangement between GMB and their list of a limited number of approved contractors. The Secretariat will also work with Tan Sri Teo on the issue of sub-contracting out of work under competency certifications for which PEMUDAH will prepare a proposal paper, too. Chairman suggested the Department of Occupational Safety and Health (DOSH) as the department overseeing competencies relating to certain classes of machinery and equipment and other relevant Ministries should be engaged.

C. The meeting agreed that:

- (1) The Secretariat assists MEPN to organise a webinar for a panel discussion involving NIOSH and CIDB and the other stakeholders and a PEMUDAH proposal can be submitted to the relevant Agency in order to harmonise the use of safety cards.

Action: MEPN / Secretariat

- (2) The Secretariat will liaise with Tan Sri Teo to analyse the anti-competition nature of the arrangement between GMB and their list of a limited number of approved contractors as well as on the issue of sub-contracting out of work under competency certifications for which PEMUDAH will prepare a proposal paper.

Action: Tan Sri Teo / Secretariat

4. OTHER MATTERS

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

- (1) **Status of GST Claim Refunds**

Dato' Chua briefed the meeting that subsequent to the Minister of Finance's announcement, RMCD had issued two documents under *Pemberitahuan Berhubungan Dengan Pembayaran-Balik GST* which was almost entirely in line with the PEMUDAH proposal except for what was proposed for GST claimant

companies who were also SST registrants that failed *ujian penarafan risiko*. The documents explained the refund mechanism and provided a list of questions and answers. Dato' Chua had posted both of these documents into the PEMUDAH Private Sector Whatsapp Group.

Claims below RM100,000/- will be subject to a desk audit first and then will be refunded in full. Claims of RM100,000/- and above which passed risk assessment will be refunded in full while claims failing risk assessment will be refunded 90%. If the claimants who failed risk assessment provide a letter of undertaking (*Aku Janji*) and a bank guarantee in favour of RMCD their claims will be refunded 100%.

The number of overall outstanding claims totalled about 75,000. About 90% of the claims of RM100,000/- and above had passed risk assessment. Dato' Chua proposed to RMCD to proceed with field audits first on the 750-odd companies which had their claims failing risk assessment.

RMCD has urged claimant companies to update their particulars via the RMCD website in order to facilitate refund claims.

Dato' Chua advised members to read the refund procedures explanatory notes together with the list of questions and answers that were already provided to them.

(i) The meeting noted that:

- a. Tan Sri Teo enquired for the total amount of the about 75,000 claims. Dato' Chua informed RMCD had indicated an amount of about RM6.9 billion.
- b. Chairman requested TWGPT to have meetings with MOF to monitor the progress of the refunding. He also requested the Secretariat to upload the explanatory notes and questions and answers into the PEMUDAH website.

(ii) The meeting agreed that:

- a. TWGPT is to have meetings with MOF to monitor the progress of the refunds.

Action: TWGPT

- b. The Secretariat is to upload the explanatory notes and questions and answers into the PEMUDAH website.

Action: Secretariat

(2) Jabatan Tenaga Kerja (JTK) Is Not Fully Aware of MOHR's Revised Policy on Foreign Workers' Redeployment - Frustrates Redeployment Plans

Dato' Seri Wong informed that PEMUDAH had briefed the Minister of Human Resources in a meeting held on 12 June 2020 on PEMUDAH's proposal relating to the unemployment of local workers as well as legal and illegal foreign

workers due to the Covid-19 pandemic (Chairman also attended the meeting). The Minister was receptive to the proposal for MOHR to act as a clearing house for both legal and illegal foreign workers and also to the proposal for redeployment of foreign workers between company subsidiaries within the same industry. The Minister mentioned MOHR would make an announcement to allow redeployment.

Issue

When E & E companies requested approval from Jabatan Tenaga Kerja (JTK) such as JTK Johore for their plans to redeploy their foreign workers in terms of location or subsidiaries, JTK Johore cautioned that any company wanting to apply for a change of employer for their foreign workers would be blacklisted and their unutilised balance of foreign workers hiring quotas would be forfeited. Industries are seeking clarification on the difference between JTK's position and the Minister's decision. Dato' Seri Wong requested PEMUDAH to write to MOHR to seek clarification.

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

- a. Chairman attributed the cause of the issue to be information not cascaded down sufficiently from the Minister to his officers. He noted that the Government would manage the test-screening of illegal foreign workers for Covid-19 and their subsequent healthcare. The Ministry of Home Affairs (MOHA) is the ministry overseeing illegal foreign workers.
- b. Encik Foo informed that construction sector companies were allowed to redeploy workers between different companies but the redeployment process was not spelt out. SOPs have to be provided to the industries after an announcement had been made by the Minister. A clarification is required from the Government.
- c. Dato' Seri Wong was given to understand that companies only needed to explain to JTK about their plans to redeploy between subsidiaries or between industries. However, it was not made clear on any requirement to provide justifications.
- d. Chairman requested Encik Zahid Ismail to arrange for PEMUDAH to issue a letter to MOHR to seek clarification. Encik Zahid recalled at the said meeting with MOHR YBhg. Datuk Muhd Khair Razman had mentioned cross-sector workers redeployment could be allowed upon request. He would consult with Datuk Muhd Khair Razman before issuing the letter.
- e. Encik Zahid Ismail added that MOHR had made a press release on workers redeployment and MPC had also issued a press release in support. He saw the need for MOHR to provide SOPs on the redeployment process. Chairman suggested perhaps PEMUDAH could design the SOPs. He also suggested simulations could be arranged between MITI and industries to try out new SOPs.
- f. Dr. Asmawi (MITI) informed SOPs gazetted under Act 1988 and displayed on the MKN website were the approved SOPs. The

number of restrictions had been reduced from 26 to 10. Local authorities are allowed to modify Federal Government-set SOPs to be more but not less stringent. The Senior Minister (Security)'s announcements supersede existing SOPs. He also informed the Economic Planning Unit (EPU) had discussed the proposal for cross-border travel and the Ministry of Health (MOH) might make an announcement on 24 June 2020 subject to prior clearance from their Director General.

- g. Tan Sri Teo suggested all SOPs should be identifiable by reference numbers so as to differentiate between the old and the new. Dato' Chua also suggested SOPs should be able to be tracked and traced. Chairman requested Dr Asmawi and Encik Jaya Singam to escalate both suggestions to MITI senior management.

(ii) **The meeting agreed that:**

- a. PEMUDAH is to issue a letter to MOHR to seek clarification on the policy revision regarding foreign workers' redeployment and to request for SOPs thereon.

Action: Secretariat

- h. Dr Asmawi and Encik Jaya Singam are to escalate the suggestions on SOP reference numbering and traceability and tracking to MITI senior management.

Action: Encik Asmawi / Encik Jaya Singam

(3) **Request for Update on Proposal to Allow Foreign Technical Specialists, etc. into Malaysia Subject to Prior Testing for Covid-19**

PEMUDAH had submitted a proposal to Datuk Seri KSN on allowing foreign technical specialists and customers to enter Malaysia on business purposes subject to these persons being tested for Covid-19 on their arrival and, if the test results are negative, they will be allowed to stay on to conduct their short-stay work at factories, etc. Dato' Seri Wong enquired about what the next step would be.

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

- a. Encik Zahid Ismail updated that Datuk Seri KSN's Office had completed the proposal paper and would present it to *Majlis Keselamatan Negara* (MKN).

(4) **Proposed Feedback Session between MITI and Industries**

Chairman proposed that a feedback session be held between MITI and industries and MPC and PEMUDAH would help to organise it.

- (i) **The meeting noted that:**
 - a. Dr Asmawi was agreeable to the proposal.
- (ii) **The meeting agreed that:**
 - a. A feedback session will be held between MITI and industries and MPC and PEMUDAH will help to organise it.

Action: MITI / Secretariat

(5) Engage with Bank Negara Malaysia (BNM) on Latest Status of Financial Assistance Extended to Businesses to Address Covid-19 Challenges

Dato' Pardip suggested BNM be invited to the meeting to present about the latest status of all of the Government's financial assistance packages for businesses to address Covid-19 challenges especially with regard to loan assistance to small and micro-enterprises and to establish how much in value terms had been disbursed. Chairman thanked Dato' Pardip for his suggestion and said the Secretariat would liaise with Dato' Pardip on whom to invite from BNM and what specific aspects to be looked at.

- (i) **The meeting agreed that:**
 - a. BNM be invited to the meeting to present about the latest status of all of the Government's financial assistance packages for businesses to address Covid-19 challenges.

Attention: Secretariat

5. ADJOURNMENT OF MEETING

Chairman adjourned the meeting at 1.10 p.m. with a word of thanks to the members for their presence and contributions to the meeting.

The date and time of the next meeting will be determined and notified to the members.

SECRETARIAT

PEMUDAH - THE SPECIAL TASK FORCE TO FACILITATE BUSINESS

20 JUNE 2020