

# 'Levy shift will have RM2b impact on contractors'

## MBAM urges government to rescind Employer Mandatory Commitment policy

BY SUPRIYA SURENDRAN

KUALA LUMPUR: Construction industry contractors will have to bear a financial burden of some RM2 billion per annum with the implementation of the new government policy that shifts levy payments from foreign workers to employers, said the Master Builders Association Malaysia (MBAM).

MBAM, which represents 32 contractor associations with an outreach of 13,000 members, held an emergency press conference yesterday to appeal to the government to rescind the Employer Mandatory Commitment (EMC) policy that came into effect on Jan 1.

"The RM2 billion impact includes the huge escalation in costs imposed by the government, starting from the increase in levy from RM1,200 to RM1,850 [per worker] less than a year ago, increase in minimum wage, fuel prices [as well as increase in construction materials] compounded by the depreciation of the ringgit," said MBAM president Foo Chek Lee.

The concern voiced by MBAM adds to the growing noises by the business community against the

ruling. Other associations that have voiced dissatisfaction include the Malaysian Iron and Steel Industry Federation and the Federation of Malaysian Manufacturers.

"Such a huge sum of money will further impair the cash flow of the employers and make our construction more expensive and less competitive, ultimately this additional cost will be passed down to the rakyat," said Foo.

MBAM is also of the view that the policy will result in foreign workers repatriating the additional windfall to their source countries.

"We strongly believe this amount can be utilised by our local industry to adopt new technologies and mechanisation to improve and increase productivity and thus reducing dependency on foreign workers in the long run," he said.

He added that existing foreign workers serving preexisting contracts will also demand the same terms as stipulated in the change, thus causing turmoil in the construction industry.

MBAM went on to say that the implementation of the EMC will not discourage foreign workers from job-hopping but instead will en-



Foo: The hiring process of foreign workers also needs to be simplified and be more transparent. Photo by Suhaimi Yusuf

courage them to abscond and move more freely as there is no monetary obligation holding them back.

"Under the present terms] the foreign workers need to clear their levy debt before leaving, but with the implementation of the EMC they are free and owe nothing to the employer and the employer has no legal power to stop them from running away," said Foo.

MBAM said the control and weeding out of illegal workers can

only be achieved if the construction industry is allowed to employ the required number of foreign workers.

"When there is a shortage of supply, the foreign workers would job-hop to whoever pays the most and the employers have no power to stop them.

"The hiring process of foreign workers also needs to be simplified and be more transparent so that workers can be mobilised to the project site within one month.

"At present it takes six months to mobilise foreign workers, and we can only apply for workers once we get the letter of acceptance [for construction jobs] and we are required to start the job two weeks after receiving the letter.

"For one-year projects for instance, half the project period is gone without workers [due to the six-month mobilisation period]," said Foo.

MBAM's initiative was jointly supported by Persatuan Kontraktor Melayu Malaysia, Gabungan Kontraktor Bumiputera Wibawa Malaysia and Malaysian Indian Contractors Association which together have 20,135 members.

## Toyota Fortuner up to RM16,000 cheaper with EEV status

BY ADELA MEGAN WILLY

KUALA LUMPUR: UMW Toyota Motor Sdn Bhd, the distributor and assembler of Toyota vehicles in Malaysia, is reducing the retail price of the 2017 Toyota Fortuner by up to RM16,000 depending on variant, as the model is now qualified as an energy efficient vehicle (EEV) by the government.

This would see the new on-the-road price of a Toyota Fortuner 2.7 SRZ 4x4 and Toyota Fortuner 2.4 VRZ 4x4 at RM183,800 and RM175,400 respectively for Peninsular Malaysia.

"We are grateful to the government for recognising the Toyota Fortuner as an EEV. Since the announcement of the current National Automotive Policy in January 2014, UMW Toyota Motor has strived to support the policy and assembling EEVs, which demonstrates our commitment," UMW Toyota Motor deputy chairman Akio Takeyama said in a statement yesterday.

"UMW Toyota Motor is working closely with Toyota Motor Corp to identify future models which can be assembled locally and meet the EEV criteria," he added.

As the Fortuner is new in the Malaysian market, having been launched in May 2016, UMW Toyota Motor said the specifications for the 2017 model are unchanged.

"Besides meeting criteria relating to the fuel efficiency of the model, qualifying for EEV incentives also encompasses the level of investment made, transfer of technology, localisation of components, and economic contribution to the nation," said UMW Toyota Motor president Ravindran Kurusamy.

"The Toyota Fortuner is the first 4x4 SUV to qualify as an EEV, besides being the most affordable 4x4 SUV in its class. It is also the fourth Toyota model assembled in Malaysia which has [the] EEV status, besides the Toyota Camry, Vios and the recently launched Innova," he added.

In meeting the EEV criteria, the Fortuner 2.7-litre petrol engine and 2.4-litre turbo-diesel engine have been tuned to achieve high fuel efficiency so that the owners can travel for a longer distance with the 80-litre fuel tank.

# iPay88 sees online payment double in 2017

BY ADELA MEGAN WILLY

KUALA LUMPUR: iPay88 Sdn Bhd, an online payment gateway provider, expects online payment transactions and sales value to double this year on the back of higher smartphone adoption and rise of electronic wallets (e-wallets).

"The digital economy is rapidly taking off. Coupled with technological advancements, which have made mobile devices the key online shopping tool and bigger adoption of the e-wallet, we foresee online transactions and sales value to double or even triple this year," its executive director Chan Kok Long told a press conference yesterday.

The growth forecast, Chan said, applies to both iPay88's business

and the e-commerce industry as a whole.

iPay88's data showed that it recorded 38.2 million online transactions or RM3 billion in sales value in 2016, up 161% from 14.6 million online transactions with sales value of RM1.5 billion in 2015.

This places iPay88's share of the domestic online payment market at 70%.

The total number of transactions generated by mobile commerce surged 148.9% to 9.3 million last year from 3.7 million in 2015. Online desktop shopping, meanwhile, showed a 29.7% rise to 7.6 million transactions in 2016 from 5.8 million transactions in 2015.

"Growth in Malaysian consumers making online purchases using mobile phones is encouraging.

[Statistics] have proven that mobile commerce growth in 2016 was far outpacing [desktop] e-commerce and bricks-and-mortar," said Chan.

With that, the company expects that this year, mobile app-based visits to the retail category would surpass mobile web visits, whereas desktop visits would decline in growth.

"Technological advancements are making mobile devices and gadgets smarter and more sophisticated. [The younger generations] are treating these items as necessities and with that, mobile transactions, as we see it, will be the way to go," Chan added.

While he did not disclose the company's revenue and profit, Chan noted that iPay88 began

recognising a major income stream beginning in 2012 with what he dubbed as the "first wave of e-commerce" when consumers were more familiar with AirAsia Bhd's e-ticketing system.

At the time, iPay88 recorded RM130 million in sales value from RM110 million in 2011.

The "second wave of e-commerce", Chan said, started in 2013 where it saw sales value rise to RM480 million with the emergence of online marketplaces such as Groupon, Amazon and Lazada.

Among the 10 Asean countries, Malaysia is currently ranked second in iPay88's system, behind Singapore and ahead of Indonesia, in terms of transaction volume.

## Public Mutual launches equity fund, aims 8% annual returns

KUALA LUMPUR: Public Mutual Bhd, the unit trust arm of Public Bank Bhd, has launched a new equity fund that invests in stocks with structural growth themes and reasonable valuations, as well as stocks which are underpinned by strong fundamentals.

Dubbed "Public Navigator Growth Fund" (PNVGF), it targets to achieve 8% annualised returns over the long term.

"Up to 98% of the fund's net asset value will be invested in equities or fixed income securities," said Public Mutual in a statement yesterday.

"Besides the domestic market, PNVGF also invests in global markets such as the US and Europe, as well as regional markets in Asia-Pacific. Hence, the fund is well positioned to capitalise on the trends and investment opportunities in both developed and developing countries," it added.

The initial issue price of PNVGF is 25 sen per unit during the 21-day initial offer period from Jan 9 to 29. The minimum initial investment for the fund is RM1,000 and the minimum additional investment is RM100.

Investors who purchase during the initial offer period can enjoy

a promotional sales charge of 5% of the initial issue price per unit, Public Mutual added.

Public Mutual, the country's largest private unit trust company, has more than 100 unit trust funds under its management. As at end-November 2016, its fund size stood at RM69.9 billion.