

## **Covid-19: Proposed RM1mil maximum compound over breach of SOP will derail economic recovery efforts, says business community**

PETALING JAYA: The Health Ministry's proposed maximum compound of RM1mil for businesses guilty of breaching Covid-19 standard operating procedures (SOPs) is too punitive and will derail economic recovery efforts, says the business community.

Federation of Malaysian Manufacturers (FMM) president Tan Sri Soh Thian Lai said small businesses would be hurt by amendments to the Prevention and Control of Infectious Diseases Act 1998 (Act 342), which once passed in Parliament, would see companies and organisations that flout Covid-19 SOP stand to be fined a maximum of RM1mil for compoundable offences.

"The business fraternity is still reeling from the impact of the various lockdowns and most companies have yet to bring their businesses back to sustainable levels.

"With a maximum fine of RM1mil for compoundable offences or up to RM2mil for offences to be prosecuted in courts, companies especially MSMEs (micro and small and medium enterprises) may be forced to close down as they cannot afford to pay such hefty fines," said Soh in a statement on Wednesday (Dec 15).

As of June 2021, out of the total 1,192,786 companies in Malaysia, only 32,388 or 2.7% are large companies while the remaining 1,160,398 companies or 97.3% are MSMEs, according to the Malaysia Statistical Business Register released by the **Statistics Department**.

As such, Soh said the government should come out with a different and targeted approach instead of punishing the majority of companies in Malaysia, which were MSMEs struggling to survive.

After the revocation of the Emergency Ordinances on Dec 8, the maximum fine that could be imposed on individuals or companies breaching Covid-19 SOP was only RM1,000 and this had become an issue recently.

On Tuesday (Dec 14), Health director-general Tan Sri Dr Noor Hisham Abdullah said amendments to Act 342 will allow for the maximum compounds to be increased from the current RM1,000 to a maximum of RM1mil and RM10,000 compounds on organisations and individuals, respectively.

The Bill to amend Act 342 was expected to be tabled on Thursday (Dec 16) for a third reading.

Dr Noor Hisham Abdullah also said the move to increase the maximum fines was necessary as data has shown that most clusters and repeated offenders were from companies and manufacturing sectors.

However, Soh said such a conclusion was unfair and inaccurate, especially when there were 2.24 million employees from the community working in the manufacturing sector as of October 2021.

"Based on the previous statistics from the Health Ministry, the sporadic cases took up almost 70% of total positive cases which cannot be traced to any cluster whereas positive cases from cluster-based were about 30% only.

"Thus, it most certainly cannot be equated to factories being among the most repeat offenders," he said.

Small and Medium Enterprises Association of Malaysia (SAMENTA) chairman Datuk William Ng also urged the Health Ministry to reconsider the proposed maximum fine of RM1mil, saying that businesses were already struggling.

Based on SAMENTA's survey in September, SMEs were spending an average of RM90 monthly per employee just on SOP compliance, said Ng.

"At a time when businesses, especially the SMEs, are trying to recover from the prolonged lockdowns, the proposed maximum penalty is excessive," he said.

Businesses were aware of the need for compliance, and by and large were highly compliant, said Ng, adding that however lapses did happen and were sometimes beyond the control of the business owners.

"A fine of up to RM 50,000 is already excessive, so taking this up to RM1mil is beyond punitive," he said.

National Chamber of Commerce and Industry of Malaysia (NCCIM) president Datuk Low Kian Chuan said the proposed increase in fines were too hefty and disproportionate, especially for the low-and middle-income households and individuals, as well as the SMEs.

Businesses were still in the healing process to rebuild their recovery path post the pandemic, and some continued to face operating cash flow problems, he said. As such, Low said it would be inconsiderate to add on the heavy fine burden.

Meanwhile, the general public were already upset over what appeared as double standards and inconsistencies when it came to the enforcement of laws, he said.

"There are concerns that the heavy spot fines could open to abuse, bribery and double standards.

"In particular, the inconsistency of SOP interpretation and enforcement has instilled fear and anxiety amongst the general public and businesses.

"While we reckon that harsher punishments can deter SOP violations, we think that efforts to educate them to comply with the SOP must continue and the government must come out with a better deterrent method, including consistency of SOP," said Low in a statement.

He added that while the chamber urged all Malaysians, including businesses to strictly adhere to the SOP to keep the workplace safe, what was equally important would be that the enforcement units should also enforce the SOP in a consistent and objective manner.

However, employers say that the heftier penalty is justified, as the Health Ministry had assured that it will only be meted out to repeat offenders.

Malaysian Employers Federation (MEF) president Datuk Dr Syed Hussain Syed Husman said it was comforting that Health Minister Khairy Jamaluddin had previously stated that the proposed maximum compound of RM1mil could be imposed on large companies that are repeat offenders and had triggered new Covid-19 clusters several times.

Khairy had also assured that there would be guidelines to ensure that the RM1mil fine was not issued recklessly, said Syed Hussain.

"The Health Minister stated that the value of RM1mil, compared to RM50,000 as in the Emergency Ordinance, is more for recurring offences among large companies.

"MEF is of the view that the proposed maximum compound of RM1mil to repeat offenders is justified as repeated offenders from large companies did not take the earlier penalties imposed on them seriously," he said in a statement.

<https://www.thestar.com.my/news/nation/2021/12/15/covid-19-proposed-rm1mil-maximum-compound-over-breach-of-sop-will-derail-economic-recovery-efforts-says-business-community>