

**FMM: RM2m fine on firms for Covid-19 offences 'too punitive', opens doors to abuse**

KUALA LUMPUR (Dec 15): The government's proposal to raise the fine on companies for offences under the Prevention and Control of Infectious Diseases Act 1998 (Act 342) to up to RM2 million is seen as "too punitive" and could derail the recovery of firms still reeling from the impact of the pandemic, said the Federation of Malaysian Manufacturers (FMM).

In a statement, FMM acknowledged that the proposed amendments to Act 342 are aimed at controlling infectious diseases through a more effective and efficient enforcement of the standard operating procedures (SOPs).

However, the federation said a targeted approach should be the way to go rather than punishing the majority of companies in Malaysia, where 97.3% of the 1.19 million registered companies are micro, small and medium enterprises (MSMEs).

It goes without saying that we live in unprecedented times due to the challenges caused by the COVID-19 pandemic.

FMM also said there is room for abuse of power and corruption from the big penalty imposed, which could be imposed by not only the Health Ministry as is the practice now but also by local authorities.

To support its argument, the manufacturing group cited past instances of raids by different enforcement agencies and inconsistent interpretation of SOPs.

On Tuesday, the Finance Ministry tabled in the Dewan Rakyat amendments to Act 342, which include an increase in the maximum penalty for convicted companies to RM2 million, from RM100,000 imposed under the Emergency Ordinance previously.

The amendments would also raise the compounds for breach of Covid-19 SOPs to a maximum of RM1 million, from RM50,000 currently.

"As the manufacturing sector is the only sector currently required to conduct bi-weekly mandatory testing of its employees, FMM is greatly concerned that it will be targeted again by enforcement officers with inconsistent interpretation of the SOPs as the higher fines from the amendments to Act 342 may create opportunities for abuse of power and corruption," FMM said.

"If it is the objective of the government to punish errant companies that 'rake in millions in profit', it should come out with a different and targeted approach instead of punishing the majority of companies in Malaysia which are MSMEs struggling to survive.

"With a maximum fine of RM1 million for compoundable offences or up to RM2 million for offences to be prosecuted in courts, companies especially MSMEs may be forced to close down as they cannot afford to pay such hefty fines," it added.

The federation also disputed claims that most Covid-19 clusters and repeated offenders were from companies in the manufacturing sector.

“FMM wishes to remind the government that it must be recognised that the manufacturing sector is one of the main sectors allowed to operate throughout all the phases of the National Recovery Plan given its significance to the economy and global supply chains.

“Therefore, the manufacturing sector would also be one of the main sectors in terms of infection detected in workplaces but actually originating from the prevalent asymptomatic sporadic cases in the community,” FMM said.

Based on the previous statistics from the Health Ministry, sporadic cases took up almost 70% of total positive cases whereas positive cases from clusters were about 30%, it added.

“Thus, it most certainly cannot be equated to factories being among the most repeat offenders. Such a conclusion is most unfair and inaccurate, especially when there are 2.24 million employees from the community working in the manufacturing sector as of October 2021 according to the latest data from **Department of Statistics Malaysia**,” FMM said.

“In this regard, FMM greatly appreciates further consideration on concerns raised by the industry on the proposal to increase the penalties.

“We welcome further engagement with the Ministry of Health to discuss recommendations for a win-win outcome for both the government and private sector to combat the pandemic and at the same time, facilitate the continued recovery of our economy,” it said.

<https://www.theedgemarkets.com/article/fmm-rm2m-fine-firms-covid19-offences-too-punitive-opens-doors-abuse>