

KERATAN AKHBAR

NAMA AKHBAR: THE STAR (VIEWS)

TARIKH: 24 DISEMBER 2019

MUKA SURAT: 19

Don't exempt developers from GCC deposit

A DEVELOPER is required to deposit 3% of a development's gross construction cost (GCC) into the Housing Development Account for each phase of a development. This is to ensure that developers complete projects on time and to acceptable standards.

However, it was raised in the Dewan Rakyat in early December that selected developers have been exempted from paying the requisite deposit.

Housing and Local Government Minister Zuraida Kamaruddin, in clarifying the statement given by Housing and Local Government Deputy Minister Datuk Raja

Kamarul Bahrin Shah to the Dewan Rakyat, said that the exemption is only given to developers with a "good track record" and "sufficient financial capabilities".

The Consumers Association of Penang calls on the minister not to grant exemptions to developers even if ministry's officials deem they have a "good track record" and "sufficient financial capabilities".

This discretionary power would open the door to corruption, favouritism and influence peddling. In the first place, a developer who does not have a "good

track record" and good "financial capabilities" should not be licensed by the ministry and be in business.

It was also highlighted in the Dewan Rakyat that 21 exemptions were granted in 2016, 72 in 2017, and 48 in 2018; 43 exemptions were given between January and November in 2019.

Between 2011 and 2019, a total of 107 projects have been abandoned, and till March 2019, none of the developers had been charged for abandoning a project.

By granting the exemption, the government is expressing its trust that the developers will religious-

ly stick to their end of the deal in completing their projects within the given time-frame and to the expected quality, and will not short-change buyers.

The government should not take this risk because if the developer fails to deliver, it would mean that the government has to bail out the project and find a white knight to complete it. We seriously urge the government to stop granting exemptions to any developer.

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