



UCAPAN

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7th LAKSANA REPORT IMPLEMENTATION OF THE PRIHATIN RAKYAT ECONOMIC STIMULUS PACKAGE (PRIHATIN)

2 JUNE 2020



1. Assalamulaikum WBT dan Salam Hormat. Alhamdulillah, we meet again today through the tabling of *the 7th Laksana progress report*.
2. Today's report will focus on 2 key initiatives:
 - a. Firstly, the achievements for the implementation measures for Pakej Rangsangan Ekonomi Prihatin Rakyat (PRIHATIN); and
 - b. Secondly, the Short Term Economic Recovery Plan which will be announced soon

PROGRESS OF PRIHATIN IMPLEMENTATION

Ladies and gentlemen,

3. Allow me to share the implementation status of the PRIHATIN Package this week. We shall start with the measures under the first goal of PRIHATIN, which is "Protecting the Rakyat".
 - a. There are three groups of recipients who have benefitted from Bantuan Prihatin Nasional or BPN.
 - b. The first group of **8.3 million recipients** received payments in stages i.e., through the First and Second Phases. As of May 31, for Phase One, a total of **7.93 million**

recipients received payments totaling **RM5.56 billion**. For the Second Phase, **7.90 million** recipients received payments totaling **RM3.55 billion**. The rest of the recipients are those who have yet to collect the cash payments from BSN branches. Recipients can do so until 31 December. *Alhamdulillah*, the completion status for this First and Second Phases stands at 96.5%.

BPN Phase 1 and 2				
	Phase 1 Recipients (6 -15 April)	Total Payment	Phase 2 Recipients (4 - 22 May)	Total Payment
M40 Individuals	0.44	RM0.11 bilion	0.43	RM0.11 bilion
M40 Households	0.75	RM0.38 bilion	0.73	RM0.37 bilion
B40 Individuals	3.26	RM1.63 bilion	3.23	RM0.97 bilion
B40 Households	3.48	RM3.48 bilion	3.50	RM2.10 bilion
Keseluruhan	7.93	RM5.60 bilion	7.90	RM3.55 bilion

- c. The second group of BPN recipients are the **2.3 million recipients** announced on 9 May. Out of this total, as at May 31, **2.08 million recipients** received **RM1.57 billion** of the BPN assistance, as a lump sum payment. Disbursements through their bank accounts were smooth; while the rest of the recipients (without bank accounts) can claim their cash payments through BSN.
- d. The third group consists of those who appealed between 11 and 31 May. A total of 170,000 appeals were received and will be reviewed manually. The outcome will be announced in mid-June and payments will be disbursed at end-June. Thank you for your patience.
- e. Thank you, too, to the officers at the LHDN who had worked through their weekends mainly to ensure that the public were able to submit their applications prior to the closing date of the BPN appeal period.
- f. As such, the total number of BPN recipients of BPN from the first to third cohorts is estimated at **10.77 million**, involving an allocation of RM11.5 billion. This represents an additional allocation of RM1.5 billion.

7. Second, the EPF i-Lestari programme. As at 31 May, **4 million applications** had been received, which is an increase from (the previously reported) **3.9 million**. This amounted to **RM1.9 billion** in withdrawals per month.

i-Lestari	Jumlah diluluskan* (RM bilion)	Permohonan diluluskan* (juta)
31 Mei	1.90	4.0
17 Mei	1.83	3.9
10 Mei	1.76	3.7
3 Mei	1.66	3.5
26 April	1.57	3.3
19 April	0.70	1.5
12 April	0.57	1.17

**Jumlah Kumulatif*

8. Thirdly, for the **reduction in employees' EPF contribution from 11% to 7%**, the total reduction estimated for EPF members for May is **RM895 million**. As at 31 May, the Government has seen more employees opting to maintain their contributions at 11%, accounting for 1.7 million or 23% of EPF contributors as compared to 1.5 million previously.
9. Fourth, the **one-off special payment of RM600** per tour guide, as of 31 May, **6,470** tour guides had received this payment, totalling **RM3.9 million**.
10. Fifth, for e-Hailing drivers, the Government had disbursed financial aid amounting to **RM34 million to 68,336 recipients** via e-wallet. Payment for a further 8,300 e-hailing drivers is still being processed.
11. Sixth, we took note of the issue of an estimated 30,000 taxi drivers who did not receive the special aid due to their expired taxi driver's card. After further consideration, on 23 May, the Ministry of Transport announced that this cash aid would be extended to them **provided the taxi driver's card is renewed**. To facilitate this process, they are granted an extension (for renewal) until 1 July. The Government hopes this will not only assist the taxi drivers but also ensure that licensing and operating requirements are in order to ensure the safety and well-being of both taxi drivers and passengers.

Ladies and gentlemen,

12. Next, I would like to share the status of implementation under the **second goal of PRIHATIN which is "Supporting Businesses"**.

13. Firstly, on **Wage Subsidy**, up to 31 May, **RM3.22 billion** had been approved for **286,338** employers benefiting **2.2 million employees**. This represents an increase of RM980 million for 200,000 employees approved, compared to last week.

Wage Subsidy Allocation: RM13.8 billion	Approved amount* (RM billion)	No of employees*	No of employees* (million)
31 May	3.22	286,338	2.2
17 May	2.24	267,752	2.0
10 May	2.10	258,165	1.9
3 May	1.90	235,000	1.7
26 April	1.35	195,000	1.5
19 April	1.20	159,000	1.0

**Cumulative figure*

14. Secondly, I will touch on the **Employment Retention Program (ERP)** which is managed by SOCSO. I am pleased to announce that up to 31 May, the **value of RM110 million per month has been approved for 184,000 employees**. These benefits will be disbursed to employers and business owners alike.
15. Third, is the **EPF's Covid-19 Assistance Program (e-CAP) for Employers**. Up to 31 May, **26,509** applications had been received, and **5,245 applications were** approved, which amounts to **RM34.8 million** in terms of employer's contribution, compared to RM20.6 million recorded two weeks ago. I would like to emphasise the EPF is currently reviewing each and every application for **postponement and restructuring of contribution payments**. Applications for approvals must be considered very carefully as this is a legal obligation by employers.

EPF's Covid-19 Assistance Program (e-CAP) for Employers	No of applications received*	No of applications approved*	Amount approved* (RM million)
31 Mei	26,509	5,245	34.8
17 Mei	20,771	3,168	20.6
10 Mei	13,690	2,032	13.4

**Jumlah kumulatif*

16. Fourth, the **SME Soft Loan Funds under Bank Negara Malaysia (BNM)'s supervision**. As at 31 May, total financing amounting to **RM6.9 billion** had been approved by local banks and officially accepted by **16,833 SMEs**. This amount includes funds from the *Special Relief Facility*, *Agrofund*, and *Takaful Insurance* for COVID-19 testing.

SME Soft Loans Fund: RM6.3 billion	Amount approved and accepted* (RM billion)	No of SMEs*
31 May	6.9	16,833
17 May	5.8	14,075
10 May	4.7	11,975
3 May	3.0	6,840
26 April	1.5	3,636

*Cumulative figure

17. Fifth, the **Prihatin Special Grant (Geran Khas Prihatin) for micro SMEs**. On the 15 May closing date for the GKP application, **643,000** applications had been received. I am pleased to announce that **488,857 or 76% of the applications have been approved**. Micro SMEs can check their application status from 3 June onwards. For approved applications, a total payment of **RM1.47 billion** will be made from **15 June**.
 - a. I would also like to share that the **LHDN is currently further reviewing 81,260 applications**, and the approval status of these application will be announced from 8 June onwards. **For approved applications, the payment will be disbursed from 15 June.**
 - b. The LHDN also classified **72,859 applications as ineligible (for GKP)**. **For these rejected applications, the appeal period will be open from 3 to 15 June via the LHDN's official portal, gkp.hasil.gov.my.** Should their appeal be approved, payments will be made from **29 June**.
18. Sixth, on the **Micro Credit Scheme with 0% interest or profit**, with total allocation valued at **RM700 million**:
 - a. This week, under the BSN micro credit scheme, 4,587 applications have been approved, valued at RM175 million.
 - b. For the Tekun programme, 15,949 SMEs' applications have been approved, amounting to RM128 million.
 - c. I sincerely hope this credit scheme will be properly utilised by the Micro SMEs.

Micro Credit Scheme Allocation: RM700 million at 0%	BSN Micro Credit		Tekun	
	No of approved SMEs*	Amount* (RM million)	No of approved SMEs*	Amount* (RM million)
31 May	4,587	175	15,949	128
17 May	3,537	145	12,104	101
10 May	2,626	114	8,562	72
3 May	2,026	90	4,981	42
26 April	1,703	76	1,769	15

*Cumulative Figure

IMPACT OF PRIHATIN PACKAGE: WORKERS BACK AT WORK & ECONOMIC RECOVERY FOR 2021

Ladies and gentlemen,

19. Recently, there was a news report entitled 'Malaysia ready for economic recovery by 2021'. This report was widely published and republished in various languages. In the English media, the title is 'Malaysia set for recovery in 2021 with most employees back at work'.
20. In the report, I shared that 'the opening of the national economy saw almost 70% of the workforce beginning to work across several sectors of the economy' and 'Malaysia is now in a capacity for economic recovery by 2021'.
21. Subsequently, I was made to understand that a few parties did not agree with my views. Allow me to make some clarification.
22. The statement "*almost 70% of the workforce had started working*" was based data from the **Department of Statistics Malaysia (DOSM)**. As of 17 May, DOSM announced that approximately **10.25 million or 67.2% of workers ("nearly 70% of workers") had gone back to work**. This is an increase compared to the 6.64 million or 43.6% on 10 May as announced by the YAB Prime Minister. These figures took into account those who worked from home and covered various sectors of the economy such as services, agriculture, manufacturing, and mining and quarrying.

23. The increase in the number of employees returning to work shows that the opening of the economy on 4 May by the Government - Alhamdulillah – has, thus far, been smooth to enable workers to earn their livelihood.
24. Second, this brings us to the **issue of saving jobs**. The Government is aware of the latest report from the Department of Statistics dated 29 May, which recorded the country's first quarter 2020 unemployment rate at 3.5%. Given the serious impact of COVID-19 on most countries' economies, Malaysia's increase in unemployment is still under control, compared to 3.3% in the previous quarter.
25. For instance, the **Wage Subsidy and Employment Retention Programme** under the PRIHATIN Package **saved nearly 2.4 million jobs nationwide**. By supporting 2.4 million workers' wages in Malaysia, the Government is ensuring that livelihoods are protected, and businesses are able to retain their workers. Without these programmes, the unemployment rate is likely to be higher.
26. In comparison, the First Quarter (2020) unemployment rate in the Philippines was 5.3% (increase from 4.5% in the previous quarter), Spain 14.41% (increase from 13.78% in the previous quarter), and New Zealand 4.2% (up from 4.0% in the previous quarter). This shows that Covid-19 affects jobs globally.
27. Third, is the economic recovery by 2021. The country's (2021) Gross Domestic Product (GDP) growth forecast, according to various international agencies, was 5.8% (Fitch's credit rating agency), 6.4% (World Bank) and 9% (IMF). **Nonetheless**, I have always reminded the people, economists, analysts and the media that real growth will depend on many factors.
 - a. The key factor is our resolve to break the chain of Covid-19 and to ensure the health and well-being of the people. In addition, compliance to SOPs by the people and businesses, including appropriate hygiene practices such as regular hand washing and wearing face masks are very important.
 - b. Second, according to Bank Negara Malaysia, the economy is expected to gradually recover later this year. The overall GDP growth forecast for 2020 is at -2.00% to +0.5%. The RM260 billion PRIHATIN package is expected to contribute **2.8%** to the country's GDP growth. Without the PRIHATIN package, the country's GDP growth forecast could be lower than what had been forecast by Bank Negara.
28. Based on the above three clarifications, I would like to emphasise that the Government is sensitive to the challenges faced by workers and the Rakyat. The Government does not take lightly the impact of Covid-19's on people's lives and livelihoods, and is always thinking of ways to address these challenges. PRIHATIN package is one of the manifestations of the Government's efforts for the people and the nation.

29. I must emphasise that the Government does not take for granted the lives and livelihood of the Rakyat or the state of the economy.
30. As previously mentioned, the PRIHATIN Package is for 3 to 6 months of assistance. We are now entering the 3rd month since it was first announced. InsyaAllah, the PRIHATIN Package will continue to have a positive impact on the people, business and our economy.

SHORT-TERM ECONOMIC RECOVERY PLAN

31. The final item I would like to share is regarding the **Short-Term Economic Recovery Plan (ERP)**, slated to be launched in early June by YAB Prime Minister.
32. The ERP (Short-Term) is stage 4 of 6 of our 6R Strategy, which represents the Government's efforts in addressing the health and economic challenges of Covid-19. A brief reminder of the 6Rs:
 - a. **Resolve** in addressing and containing Covid-19 by implementing the MCO;
 - b. **Resilience** through the PRIHATIN Economic Stimulus in order to protect the people and support the economy;
 - c. **Restart** the economy in an orderly and controlled manner;
 - d. **Recovery** plan to be put in place and implemented;
 - e. **Revitalize** the economy as a whole;
 - f. **Reform** the existing economic structure as we leap into the "new normal"
33. Since early May, MOF colleagues and I have engaged with over 100 stakeholders. Among the sectors involved were tourism, social enterprise, creative industry, business associations, technology and e-commerce, education, housing, manufacturing, human resources, private healthcare, professional services, NGOs, as well as agriculture and farming. The Ministry has also received and analysed various suggestions on measures that could possibly be introduced (as part of the ERP).
34. I must convey my thanks to them and my Cabinet colleagues who have been involved in this process.
35. The feedback received proves that the situation faced by members of the public and the business community is challenging. Among the challenges are:

- a. For workers, according to a Nielsen study, over 40% surveyed indicated a reduction in income during the MCO period;
 - b. For businesses, according to DOSM, the main challenges faced by them were payment of salaries (77%), reduction in customers (66%), payment of rental for premises (61%), and cashflow limitations (36%).
 - c. Based on certain sectors:
 - i. In the technology sector, job platforms have informed us that the number of job seekers are on the rise but job postings are declining;
 - ii. About 4 out of every 10 Malaysian jobs are tourism-related, the sector among the worst impacted due to Covid-19;
 - iii. The higher education sector, worth some RM35 billion to the economy, will face significant challenges in attracting international students; and
 - iv. Small business owners such as *kuih* sellers, *pasar malam* traders, *gerai abang* burger, and such, do not have a steady income stream.
 - d. Aside from the above, from the approximately 67% of workers who have returned to work, there are about 5 million from various sectors who have not. This is due to, among others, these sectors still being part of the prohibitive list of industries due to strict SOPs for health and safety considerations.
 - e. According to a study by Ipsos, they found that 62% of Malaysians are very worried about the threat of Covid-19 to themselves. This percentage is the highest amongst citizens of other countries surveyed. While this suggests that Malaysians will be more careful in conducting their daily activities, it will nevertheless impact economic sectors such as tourism and services which will require time to recover.
 - f. The Government is also aware of the challenges faced by the vulnerable population such as children, the handicapped (OKUs), the elderly as well as the B40 population.
36. I do not wish to raise unnecessary alarm or to paint a bleak picture of the economy. Rather, these are realities of the challenges we will face and as such need to be addressed by the Government. Hence, support from the people, the private sector and NGOs in these efforts (to overcome the challenges and support the economy) is very important.

37. Therefore, considering all the matters mentioned above, the ERP will continue to focus on the following 3 main objectives:
- a. Empower People;
 - b. Propel Businesses; and
 - c. Stimulate the Economy.
38. In drafting this plan for the period June to December 2020, the Government's approach will be based on four key requirements:
- a. First, it must be **Agile & Dynamic** - this means that the Plan must be able to be refined and adjusted for currency and adaptability, for unpredictable needs during unprecedented times throughout 2020;
 - b. Second, **Public-Private Sector Co-operation** - This plan will include various steps with the cooperation of as many players as possible from the private sector, and not just from government-linked companies (GLCs and GLICs);
 - c. Third, **Comprehensive Communications & Outreach** – The government will communicate the Plan widely and regularly to help ensure that the plan will resonate with our People and Businesses, so that everyone can play their part in revitalizing the Malaysian economy. Transparency and openness are essential to the success of this effort.
 - d. Fourth, **Data-Driven Approach** – The implementation of the Plan is based on data and statistics so that each implementation can be monitored and refined quickly and accurately. Updated data will also be shared with the government and private sectors, as well as implementation agencies for continuous improvement.
39. The Short-term Economic Recovery Plan is our chance to capitalise on fresh opportunities arising from the Covid-19 crisis for the country's future development. Insyallah, the initiatives to be announced by the Prime Minister will enable us to achieve all these.

CLOSING

Ladies and Gentlemen,

40. Before I end this week's report, allow me to share a *pantun*:

Kucing Dina melompat-lompat
Kakinya luka terpijak duri
Muafakat kita membawa berkat
Teguh berdiri, bangunkan ekonomi

41. That marks the end of my Laksana report for this week, until we meet again.

42. Wabillahaufik walhidayyah. Assalamualaikum wbt, *stay safe*, and *salam hormat*. Stay strong, stay united, InsyaAllah victory will be ours!