SPEECH

YB TENGKU DATO' SRI ZAFRUL TENGKU ABDUL AZIZ
MINISTER OF FINANCE

12th LAKSANA REPORT

IMPLEMENTATION OF THE PRIHATIN RAKYAT ECONOMIC STIMULUS PACKAGE (PRIHATIN) AND NATIONAL ECONOMIC RECOVERY PLAN (PENJANA)

8 JULY 2020

بِسْمِ اللهِ الرَّحْمٰنِ الرَّحِيْمِ

INTRODUCTION

1. Assalamualaikum WBT and greetings to all. Thank you for joining me for the **12th LAKSANA Report**. This week's report will cover 3 areas:

    a. First, achievements of PRIHATIN Package;
    b. Second, status of implementation of PENJANA; and
    c. Third, commentary on current economic issues.

PRIHATIN ACHIEVEMENTS

2. Allow me to start with the latest achievements of **PRIHATIN** Package, with the implementation measures under Objective 1 that is "Protecting the Rakyat".

3. **First, Bantuan Prihatin Nasional or BPN.**

    a. Between June 26 and July 6, around 30,000 BPN recipients received their payments via BSN branches nationwide. This brought the total number of BPN recipients to 10.245 million with total BPN payments of RM10.92 billion. This represents a **97.5% implementation rate.**

    b. As for the BPN appellants group, successful recipients were paid from 24 June 2020. As at 6 July, **140,000 single individuals and households** had received the BPN assistance amounting to **RM120 million from an allocation** of **RM139 million**. Whereas, for the remaining approved appellants who had yet to receive payment, they can do so by visiting any BSN branch nationwide until 31 December 2020.

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4. **Second**, **cash incentives for taxi drivers, tour guides and tour bus drivers.** As at 6 July, the Government had provided assistance to **28,962 taxi drivers amounting to RM17.4 million** for recipients from the first phase. For the second phase recipients, the appeal date was closed on 1 July, and the appeals are currently under review. Payment is expected to be made in mid-July. Additionally, **7,414 tour guides** had received a total of **RM4.4 million** cash aid. Meanwhile, the status of the tour bus drivers is being updated and will be announced by the end-July 2020.

Type of Incentive	Subsidies Provisions (RM million)	Total Recipient * (RM millions)	Amount Disbursed (RM millions)
Taxi drivers	50	28,962*	17.4
Tour guides		7414	4.4
Tour bus drivers		Currently being updated, it will be announced by the end of July 2020	

** Excludes phase 2 taxi drivers*

5. Next is the achievements of **PRIHATIN package** measures under **Objective 2** that is **"Supporting Businesses".**

6. **First, the Prihatin Special Grant (*Geran Khas Prihatin* - GKP) for Micro SMEs:**

   a. As at 6 July 2020, the total GKP disbursed was approximately **RM1.634 billion,** benefitting **544,632 Micro SMEs**. Payments for the GKP's appeal group commenced last week and the updates will be announced next week.

   b. Alhamdulillah, the GKP has been able to assist micro-SMEs in overcoming the challenging economic conditions. Recently, my colleagues at the Ministry had the opportunity to meet with a few micro business entrepreneurs who had received the GKP. Let me share a video of their meeting.

7. **Second, the Wage Subsidy Programme**

   a. As at 6 July, a total of **RM7.15 billion** had been approved for **310,622** employers benefitting more than **2.48 million** employees.

   b. Last week, I had the pleasure of visiting SOCSO (PERKESO) headquarters to get updates on the assistance extended to employers and employees who were affected by COVID-19. SOCSO is one of the key implementing agencies for the measures and initiatives under the PRIHATIN and PENJANA packages. Among the measures are the wage subsidy programme and enhanced wage subsidy, employment retention programme, hiring incentives and also the PENJANA Kerjaya programme. Thus far, SOCSO has been entrusted with the implementation of **RM17 billion** worth of measures.

c. I also had a virtual dialogue session with SOCSO employees from all over Malaysia. I was very impressed by the dedication and commitment of SOCSO's employees. From responding to thousands of phone calls to responding to questions raised on social media platforms, I could see the passion and sincerity in their serving their stakeholders. Congratulations to SOCSO employees.

Wage Subsidy Allocation RM13.8 bilion	**Approved amount* (RM billion)**	**No of employers***	**No of employees* (millions)**
3 July	7.15	310,622	2.48
26 June	7.07	307,518	2.46
19 June	4.89	303,596	2.40
12 June	4.08	295,265	2.31
5 June	4.00	293,033	2.30
31 May	3.22	286,338	2.20
17 May	2.24	267,752	2.00
10 May	2.10	258,165	1.90
3 May	1.90	235,000	1.70
26 Apr	1.35	195,000	1.50
19 Apr	1.20	159,000	1.00

**Cumulative figure*

8. **Third, the EPF's Covid-19 Assistance Program (e-CAP) for Employers**. Up to 6 July 2020, **37,900 applications** had been received and **10,528 applications were approved**, amounting to **RM70.4 million** in terms of employers' contribution. The Government would like to emphasize that the EPF will be closely monitoring this matter to ensure that restructured contributions will be paid in the future. Legal action can be taken against employers who do not fulfill their obligations by honouring their (statutory) contributions towards their employees' retirement fund.

EPF's Covid- 19 Assistance Program (e-CAP) for Employers	**No of applications received***	**No of applications approved ***	**Amount approved* (RM million)**
3 July	37,900	10,528	70.4
26 Jun	36,107	9,542	63.9
19 Jun	34,246	8,489	56.8
12 Jun	31,400	7,194	47.9
5 Jun	29,601	6,457	42.9
31 May	26,509	5,245	34.8
17 May	20,771	3,168	20.6
10 May	13,690	2,032	13.4

**Cumulative figure*

9. **Fourth, the SME Soft Loan Funds** administered by Bank Negara Malaysia. As at **6 July 2020,** total financing amounting to **RM8.7 billion** had been approved by local banks and officially accepted by **SMEs,** and this has benefitted **20,104 SMEs**. This amount includes funds from the Special Relief Facility, Automation & Digitalisation Facility, All-Economic Sector Facility and Agrofood facility.

SME Soft Loans Fund	Amount approved and accepted* (RM billion)	No of SMEs*
3 July	8.7	20,104
26 Jun	8.4	19,539
19 Jun	8.2	19,253
12 Jun	7.8	18,449
5 Jun	7.5	18,227
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 Apr	1.5	3,636

**Cumulative figure*

10. **Fifth**, on the **BSN and TEKUN National Micro Credit Schemes,** as at 6 July 2020:

a. Under the BSN micro credit scheme, **8,737** applications were approved, valued at **RM296.99 million**

b. For the TEKUN programme, **25,278** applications were approved, amounting to **RM192.98 million.**

Micro Credit Scheme Allocation: RM700 million	BSN Micro Credit		Tekun	
	No of approved SMEs*	***Amount* (RM million)***	***No of approved SMEs ****	***Amount* (RM million)***
3 July	8,737	296.99	25,278	192.98
26 Jun	7,577	260.6	25,071	191.50
19 Jun	6,742	236.4	22,843	174.63
12 Jun	6,074	216.7	21,674	166.14
5 June	5,222	191	19,382	151
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 Apr	1,703	76	1,769	15

**Cumulative Figure*

11. Next is the achievements of PRIHATIN measures under **Objective 3** that is "**Stimulating the Economy".**

12. On the **Moratorium on Loan Repayment by financial institutions** which took effect on 1 April 2020, as at 6 July 2020, the estimated value of the moratorium is **RM51.4 billion**. Out of this figure, a total of **RM17.9 billion was utilised by the business sector** while **RM33.38 billion was utilised by the *Rakyat.***

13. Although it is an interim measure, the granting of the moratorium is timely and able to assist the impacted groups, especially those who had lost their source of income. This can ease the financial burden and help affected households to sustain without worrying about their debt obligations.

14. **Borrowers are reminded that the moratorium period will end on 30 September 2020.** However, for those who are facing financial difficulty and may need to restructure and reschedule their facilities, they are advised to get early (targeted) assistance. This can be done by consulting their respective financial institutions or **Agensi Kaunseling dan Pengurusan Kewangan (AKPK)** for advice.

15. It has been more than 3 months since the PRIHATIN Package was announced on 27 March 2020. I wish to highlight that there are measures which are one-off and some that require 3 to 6 months to implement. I am pleased to share the following updates:

    a. For one-off cash donations - such as assistance to tertiary students, e-hailing and taxi drivers, government retirees, and others – amounting to payments of **RM14.3 billion**, the implementation rate was high at **91%**; and

    b. For initiatives involving implementation within the next 3 to 6 months - such as electricity bill discount, wage subsidy (original scheme), moratorium, e-CAP EPF and others - involving a total allocation of **RM126.4 billion**, the implementation rate is at **47%.** This is an encouraging level given that we are coming up to the mid-point (time-wise) of implementing these measures.

    c. The key point to convey here is that we are on track. While we have had ups and downs and challenges along the way, we are progressing well and we look forward to seeing through the implementation of all measures.

    d. In executing PRIHATIN's measures, the Government through the LAKSANA unit will enhance efforts to achieve the objectives that are intended to help the *Rakyat* and businesses.

NATIONAL ECONOMIC RECOVERY PLAN (PENJANA)

Ladies and gentleman,

16. Next, I would like to touch on the National Economic Recovery Plan or PENJANA.

17. **Firstly, under the MY30 programme**, the Government has allocated RM200 million for unlimited rides at only RM1 per day for 30 days for MRT, LRT, monorail, BRT, RapidKL Bus and MRT Feeder Buses. **As at 30 June 2020, a total of 77,790 passes had been sold,** and the Government's subsidy for these passes is valued at **RM13.2 million.**

18. **Secondly**, **PENJANAKerja which is the hiring incentive and training assistance programme,** with a Government allocation of **RM1.5 billion.** As at 6 July 2020, **106,308 job vacancies** were advertised, **and 123,919 job seekers** were registered through the MYFutureJobs initiative.

19. **Thirdly,** the **PENJANA Gig** initiative. The Government does not sideline Malaysians who have been working without a social security net, especially **gig economy** workers.

    a. Under the PENJANA Gig initiative, several engagement sessions were held with agriculture, hawkers, passenger transportation, goods and food sectors, and over 38 gig platform service providers.

    b. According to SOCSO, the level of awareness is still low and as of January 2020 to date, only **7% or 28,425** gig economy workers are registered with SOCSO – out of their target of 400,000 workers.

    c. The Government hopes more workers will contribute to SOCSO in order to benefit from the protection provided under PENJANA Gig. At a cost of RM232.80 annually, the Government subsidises 70% (RM163) while 30% (RM69.80) is provided by the platform provider.

    d. So, if you ride a Grab or booked a meal with FoodPanda, please ask the gig worker - "have you contributed with SOCSO yet?" If so, give them a 5-star rating.

    e. I also had the opportunity to meet with some of the workers and employers who benefited from the PENJANA Gig Programme and its social security. Alhamdulillah, the assistance received was effective and has helped to ease the burden of business cash flow, as well as save jobs. Let me share a brief overview of the visit.

COMMENTARY ON CURRENT ECONOMIC ISSUES

20. Yesterday, I was invited to speak at the 16th Invest Malaysia Kuala Lumpur conference. In my keynote address, I shared that investors have returned to the Malaysian market in May and invested in companies that could benefit from the reopening of the economy, and also from the economic stimulus measures introduced, as well as tax incentives offered by the Government.

21. You do not have to just take my word for it. Looking at it from an objective standpoint, various global assessors have also confirmed Malaysia's position in many respects, and it is an affirmation of Malaysia's good policies and measures.

22. Allow me to share Malaysia's position in several global assessments as follows:

a. 4th globally in handling the COVID-19 crisis according to the Toluna-Blackbox Index of Global Crisis Perceptions 2020;
b. 12th in the World Bank's Ease of Doing Business 2020 Report;
c. 12th in the DHL Global Connectedness Index 2019;
d. 26th in the Global Talent Competitiveness Index 2020; and
e. 27th in the World Economic Forum's 2019 Global Competitiveness Index

23. Based on these achievements, Malaysia's overall approved investment is testament to our effectiveness in facilitating the ease of doing businesses. In 2019, despite the challenging economic backdrop, Malaysia recorded RM208 billion in approved investments.

24. Out of this amount, Foreign Direct Investment (FDI) accounted for 40% while Domestic Direct Investment was the rest. These numbers generate over 5,000 projects and is expected to create over 120,000 new job opportunities. This has translated into more than 5,000 projects, which are expected to create more than 120,000 jobs. United States, China and Japan are the largest contributors, making up 66% of the total approved FDI.

25. There are many investors who remained confident and continued to invest in Malaysia. This validates Malaysia's competitiveness and attractiveness as an investment destination. I want to assure everyone that the Government is committed in supporting foreign investors, especially those who add value to the core of the Malaysian economy while also creating employment opportunities, in areas such as nurturing new talent and Malaysian companies to become global players.

26. Leveraging on sound economic fundamentals and robust institutional frameworks, InsyaAllah, Malaysia still remains competitive despite having faced various challenges, including the Asian Financial Crisis and the Global Financial Crisis. At the same time, the Malaysian capital market ecosystem is also complemented by a well-regulated financial market.

27. Looking ahead, the Government's commitment is to ensure effective public service delivery, better governance, public financial management and restructuring of the economic structure for the sustainability and resilience of the Malaysian economy. With these efforts, InsyaAllah we will be able to attract more investors to Malaysia.

CLOSING

Ladies and gentleman,

28. I shall now conclude the report for this week. I hope this sharing will provide all of you with more insights and confidence in the Government's commitment not only in helping the Rakyat and businesses, but also in ensuring transparency and effective communication.

29. Before concluding the 12th LAKSANA Report, let me share two sets of pantun:

Pohon merbau, pohon berangan
Meranti Bukit di tepi lembah
Walau cabaran banyak rintangan
Bersama hadapi dengan tabah.

Pohon cengal teguh berdiri,
Redupkan hari penuh cahaya
Mantapkan azam di dalam diri
Negara Malaysia pasti berjaya.

30. Until we meet again next week, Insya Allah. Thank you.

YB Tengku Dato' Sri Zafrul Aziz
Minister of Finance
Ministry of Finance Malaysia
8 July 2020

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