MEDIA STATEMENT

YB TENGKU DATUK SERI UTAMA ZAFRUL TENGKU ABDUL AZIZ
MINISTER OF FINANCE

43rd LAKSANA REPORT

IMPLEMENTATION OF BUDGET 2021, PERMAI, KITA PRIHATIN, PENJANA AND PRIHATIN

4 March 2021

بسم الله الرحمن الرحيم

INTRODUCTION

1. This 43rd LAKSANA report will touch on the implementation status of the 2021 BUDGET, PERMAI, PENJANA and PRIHATIN, as well as reviews of current issues. The implementation status of the PRIHATIN and PENJANA initiatives can be found in Appendix 1 and 2.

A. <u>SETAHUN MALAYSIA PRIHATIN</u>

2. This week marks the one-year anniversary of the formation of the Perikatan Nasional Government. During this period, we faced a crisis we had never experienced before, namely the COVID-19 pandemic. The spread of this epidemic not only resulted in a health crisis but also an economic crisis. As a caring Government, our main challenge in managing this crisis is to balance between the lives and the livelihood of the people.

3. From a health aspect, the implementation of the Movement Control Order and strict SOP compliance have helped control the spread of this pandemic. However, the backbone of our public health recovery is the National Covid-19 Immunization Program (PICK) where we aim to vaccinate 80% of Malaysians to achieve group immunity. Recently I had a meeting with YB Dato 'Sri Dr. Adham Baba, Minister of Health, and YB Khairy Jamaluddin, Minister of Science, Technology & Innovation, to discuss further on the implementation of PICK. Our focus is to ensure adequate resources and also simplify the process to expedite the purchase of vaccines. As of March 3 2021, more than 1.7 million people have registered to receive the vaccine on the MySejahtera application. This number is still far from our target of 27 million people. Please register for the COVID-19 vaccine for everyone's safety.

4. From the economic aspect, the Government has introduced four economic stimulus packages worth RM305 billion and one assistance package worth RM15 billion. This does not take into account the largest budget in Malaysian history worth RM322.5 billion. All this is proof of the Government's determination to ensure the welfare of the people and to restore our economy which has been impacted due to the pandemic.

5. The Government will also formulate additional measures in the near future to provide targeted assistance to vulnerable groups, especially the poor as well as those who lost their income; and increase support for businesses, especially businesses that are still unable to operate and businesses that are in the process of re-opening post-MCO.

B. PAYMENT FOR EXISTING i-SINAR APPLICATION BEGINS 2 MARCH 2021

6. The Government is always concerned about the difficulties faced by the people during the implementation of the MCO to combat the spread of the Covid 19 pandemic. One of the measures taken by the Government to reduce the burden of the people is to abolish the criteria of i-Sinar facilities. Applications made before February 25 will be given approval in stages and payment will be made **starting March 2, 2021**. It involves applications that are still waiting for approval and those which were not approved, before improvements were made to the i-Sinar criteria.

7. **New applications** reflecting the abolition of the criteria will be **open from 8 March 2021 to all members under the age of 55**, subject to the balance in the member's Account 1. Starting March 8, 2021, members will be given the flexibility to make amendments to the application details such as the amount applied for, bank information, address, telephone number and payment mode on the i-Sinar Online site.

8. I am sure this is a very much awaited development. I hope that this i-Sinar facility will to some extent reduce the burden faced by the people.

C. DIGITAL NASIONAL BERHAD: DRIVING THE DEVELOPMENT OF MALAYSIAN 5G TECHNOLOGY

9. Following the announcement of Malaysia's digital framework, MyDigital, by YAB Tan Sri Muhyiddin Yassin on 18 February 2021, and the announcement by the Malaysian Communications and Multimedia Commission on the launch of 5G in Malaysia, a Special Purpose Company (SPV), Digital Nasional Berhad (DNB), has been established specifically for the development of 5G technology.

10. It is vital for us to launch an immediate, systematic and professional 5G network plan to drive the country's growth initiatives through MyDigital, which aims to ensure socio-economic progress and inclusiveness for all Malaysians. We must not be left behind when the whole world is rapidly adopting technology to continue to create new opportunities for future growth.

11. To help Malaysia achieve the country's 5G aspirations, the Government hopes to work with the private sector in the domestic telecommunications industry. With DNB's focus on 5G infrastructure investment, private sector players can focus their efforts on better delivery of products and services, without being burdened by large investments, or overlapping capital expenditure with the Government. This is a situation that benefits all parties, including telecommunications operators, businesses and consumers, in order to concentrate efforts towards the provision of 5G by the end of 2021.

D. SUKUK PRIHATIN - MALAYSIA AS THE LEADER OF ISLAMIC FINANCE

12. Sukuk Prihatin, a Malaysian digital sukuk worth RM666 million launched last year won the Overall Best Transaction at the Islamic Finance News 2020 Award. It also won the Most Innovative Transactions and Best Transactions Malaysia award.

13. This award is a testament to Malaysia's ability as a progressive and innovative country in the Islamic Finance sector. The latest recognition not only proves the capabilities of the Malaysian Islamic Finance industry, but also an indication of the level of responsiveness of our industry to the need for financing for socio-economic purposes.

14. Participation in Sukuk Prihatin by retail and institutional investors is crucial in helping target groups to meet the challenges of COVID-19. The spirit of our unity that has contributed to the nation's development efforts - with the option for investors to donate their principal - highlights our uniqueness over other finalists.

15. I am confident that this first digital sukuk will be the start of more similar sukuk, and will further strengthen Malaysia's premier position as a leader in the Islamic Finance sector, as evidenced by the Global Islamic Economic Indicators, with Malaysia ranked first among 81 countries for the eighth year in a row.

E. 1MDB - NO COMPROMISE IN ENFORCING JUSTICE

16. 1MDB is one of the biggest financial scandals in the country. During this one year period, the Government has never compromised in upholding justice and ensuring that the individuals involved continue to be prosecuted in court.

17. In July 2020, the Government was successful in negotiations with Goldman Sachs to reach a settlement worth RM15.8 billion (USD3.9 billion). AMMB Holdings Berhad has also agreed to a global settlement of RM2.83 billion to resolve all outstanding claims and actions related to the involvement of the AmBank Group in the 1MDB issue.

18. Most recently, Deloitte PLT has agreed to a settlement of RM324 million (USD80 million) to settle all claims related to their fiduciary obligations while auditing 1MDB and SRC International Sdn Bhd accounts for the period 2011 - 2014. The settlement with Deloitte is the largest 1MDB-related settlement with an audit firm in Southeast Asia. This

settlement is part of the ongoing efforts by the Government of Malaysia against all parties involved, directly or indirectly, with 1MDB and related entities.

19. This latest solution is beneficial for Malaysians. Resolving this matter through the court system will involve a lot of time and financial resources. With this settlement, the payment of that amount will be expedited, and will not be delayed through a time-consuming court system. This amount can also be used to fulfill 1MDB's outstanding obligations.

20. This global solution will also not affect or compromise Malaysia's claims on individuals such as Jho Low, Jasmine Loo and other related parties, and those still actively sought in connection with the 1MDB scandal.

PENJANA (National Economic Recovery Plan)

Ladies & Gentlemen,

21. For the Pelan Jana Semula Ekonomi Negara or PENJANA, the initiatives have been categorized based on three goals, namely **Empowering the People, Propelling Businesses, and Stimulating the Economy**

PENJANA OBJECTIVE 1: EMPOWERING THE PEOPLE

22. **Wage Subsidy Program (PSU 1.0):** As of September 30, 2020, the closing date of PSU 1.0, a total of **322,177 employers and 2.64 million employees** have received PSU benefits under PRIHATIN and PENJANA. As of February 5, approved wage subsidy applications have reached **RM12.764 billion**.

PSU 1.0

Date As Of	Amount Approved* (RM billion)	No. of Employees* (million)	No. of Employers*
19 February	**12.764****	**2.640**	**322,177**
12 February	12.763**	2.640	322,177
5 February	12.763**	2.640	322,177
29 January	12.757**	2.640	322,177
25 December	12.682**	2.640	322,177
27 November	12.524**	2.640	322,177
30 October	12.255	2.639	322,175
25 September	11.930	2.633	321,633
28 August	10.383	2.620	320,440
31 July	8.995	2.582	318,258
26 June	7.074	2.455	307,518
29 May	4.018	2.197	286,338
24 April	1.606	1.452	207,237

** cumulative amount*

*** The number of employers and employees has reached its maximum. However, since payments are made in phases, amount approved will continue to rise. Payments in phases is done to ensure that only eligible enterprises receive the subsidy.*

23. **Hiring Incentive and Training Assistance Programme.** As of 19 February, a total of **130,871 employees** have secured employment through this programme. Manufacturing as well as wholesale and retail trade are among the key industries and sectors that employ workers. For more information, please visit (https://www.perkeso.gov.my/186-penjana/803-program-insentif-pengambilan-pekerja-dan-bantuan-latihan.html)

Date As Of	Category of People Who Secured Jobs				Amount*
	< 40 years	40 – 60 years	Apprentices	OKU	
19 February	**105,250**	**17,591**	**7,536**	**494**	**130,871**
12 February	105,250	17,591	7,536	494	130,871
5 February	105,250	17,591	7,536	494**	130,871
29 January	105,160	17,586	7,534	548	130,828
25 December	102,623	17,394	7,417	1,344	128,778
27 November	72,505	11,370	5,808	1,247	90,930
30 October	56,315	8,743	4,724	331	70,113
25 September	34,476	5,456	3,782	284	43,998
28 August	18,354	3,266	2,818	178	24,616

** cumulative amount*

*** The decrease compared with the previous week is due to certain employers who wrongly selected the category of employees prior to the actual applications.*

List of top 5 recruitment industries / sectors by category

No.	< 40 years	40 – 60 years	Apprentices	OKU	Overall
1	Manufacturing	Other Services	Other Services	Wholesale and Retail Trade; Motor Vehicle and Motorcycle Repair	Manufacturing
2	Other Services	Manufacturing	Manufacturing	Other Services	Other Services
3	Wholesale and Retail Trade; Motor Vehicle and Motorcycle Repair	Wholesale and Retail Trade; Motor Vehicle and Motorcycle Repair	Wholesale and Retail Trade; Motor Vehicle and Motorcycle Repair	Manufacturing	Wholesale and Retail Trade; Motor Vehicle and Motorcycle Repair
4	Accommodation & Food Services	Accommodation & Food Services	Accommodation & Food Services	Accommodation & Food Services	Accommodation & Food Services
5	Education	Construction	Information & Communication	Education	Construction

24. **Reskilling and Upskilling Programme:** As of 19 February, the number of individuals participating in the programmes are **135,751 participants**. The Ministry of Finance link lists the courses that are requested, while those who are interested can visit the websites of the respective Government agencies involved to obtain the relevant information. Those who are looking for a job, especially the youth, are invited to participate in these courses.

No	Ministry/ Agency	Program / Scheme / Inisiative
1.	**Pembangunan Sumber Manusia Berhad (PSMB)** (www.penjanahrdf.com.my)	*SME Development*
		Industrial Revolution 4.0 (IREV4.0)
		Place & Train
		Gerak Insan Gemilang (GIG)
		B40 *Development*
2.	**Ministry of Entrepreneur Development and Cooperatives (MEDAC)**	INSKEN *Business Training*
		Program *Micro Connector*
3.	**Majlis Amanah Rakyat (MARA)** (http://penjana.mara.gov.my/)	Modul Khas Penjagaan Kesihatan dan Keselamatan Kebiasaan Baharu
		Building Internal Entrepreneur Capabilities by Engaging E-Commerce Bespoke Program (e-entrepreneur) -Training e-Commerce Platform
		Building Capabilities and Providing Jobs Through Competencies / Short Courses Program
		Building Capabilities and Providing Jobs Through Industry Boot Camp
		Building Internal Entrepreneur Capabilities by Engaging e-Commerce Bespoke Program (e-entrepreneur) -Bespoke
4.	**East Coast Economic Region Development Council (ECER)** (https://www.ecerdc.com.my/penjana/Website/index.html)	*ETEP Enhanced Train& Place* (PENJANA)
5.	**Northern Corridor Implementation Authority (NCIA)** (https://www.ncer.com.my/jomkerja_jomniaga/)	JomNiaga@NCER
		JomKerja@NCER
6.	**Ministry of Tourism, Arts and Culture Malaysia (MOTAC)**	Community Skills Development
7.	**Ministry of Higher Education (MOHE)** (https://great.mohe.gov.my)	Gig Economy Programme
		Entrepreneurship Programme

PENJANA OBJECTIVE 2: PROPELLING BUSINESSES

Ladies & Gentlemen,

25. **PENJANA SME Financing**. The Government's allocation of RM2 billion under this program prioritises SMEs that have never obtained any bank loans before. Asof 19 February, a total of **6,731 applications were approved with a total loan value of RM1.259 billion**.

Date As Of	Number of Approved Applications*	Amount Disbursed* (RM million)
19 February	**6,731**	**1,258.5**
12 February	6,731	1,258.5
5 February	6,613	1,244.7
29 January	6,507	1,231.4
25 December	5,764	1,122.1
27 November	5,301	1,085.7
30 October	4,488	965.5
25 September	3,351	795.3
28 August	1,615	426.2

**Cumulative Amount*

26. **PENJANA Tourism Sector Financing**. The Government has allocated RM1 billion for SMEs and Micro SMEs still affected by COVID-19. There are **579 applications** for this financing, and of this total **282 applications have been approved** with a total financing of **RM57.1 million**. For further details, please visit https://www.bnm.gov.my/o/covid-19/FAQ%20PENJANA%20Tourism%20Financing_BM.pdf

27. **PENJANA Credit Micro Financing under Bank Simpanan Nasional (BSN):** As of 19 February, a total of **RM363.4 million** has been channeled to benefit **10,774 Micro SMEs including those from the retail and services sectors.**

Date As Of	Micro SMEs*	Amount Disbursed* (RM million)
19 February	**10,774**	**363.4**
12 February	10,774	363.4
5 February	10,774	363.4
29 January	10,037	340.0
25 December	8,158	282.8
27 November	6,492	227.5
30 October	4,674	167.4
25 September	2,007	73.7
28 August	399	15.2

**Cumulative Amount*

28. **Bumiputera Relief Financing (BRF) which was introduced by Perbadanan Usahawan Nasional Bhd (PUNB) with a fund of RM200 million:** This special fund assistance is for Bumiputera SMEs affected by COVID-19, with financing **between**

RM100,000 and RM1 million for the SMEs involved. As at 19 February, funds have been channeled to **572 SMEs** totalling **RM161.7 million**. For further information, please visit https://www.punb.com.my/images/photo/BRF/Soalan_Lazim_BRF_FINAL.pdf

PENJANA OBJECTIVE 3: STIMULATING THE ECONOMY

29. **Sales tax exemption for passenger vehicles**: This sales tax incentive includes 100% exemption for locally assembled cars (CKD) and a 50% reduction for fully imported models (CBU). **As of February 19**, the value of sales tax relief that has been utilized is **RM232.96 million**. **The Government has agreed to extend this tax incentive until 30 June 2021**, as a measure to further boost the automotive sector and economic activities of the country.

KITA PRIHATIN (Kerangka Inisiatif Tambahan Khas PRIHATIN)

30. **Wage Subsidy Program (PSU2.0):** As of **19 February**, a total of **RM808.31 million** has been channeled to **66,591 employers** to continue to operate and maintain employment for **554,876 employees**. Details are as follows:

PSU 2.0

Date As Of	Amount Approved* (RM billion)	Number of Workers* (million)	Number of Employers*
19 February	**808.31**	**554,876**	**66,591**
12 Februari	770.31	534,183	65,398
5 Februari	770.31	534,183	65,398
29 Januari	741.16	518,793	64,345
25 Disember	418.67	420,193	51,022
27 November	239.73	307,420	39,203

**Cumulative Amount*

CLOSING

31. The government will continue to do its best to curb the COVID-19 epidemic and ensure that the economic recovery process can continue.

YB Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz
Minister of Finance
Ministry of Finance Malaysia
24 Februari 2021

APPENDIX 1 – PRIHATIN ACHIEVEMENTS

OBJECTIVE 1: PROTECTING THE RAKYAT		
1.	**i-Lestari Withdrawal Scheme under the Employees Provident Fund (EPF)**	As at **19 February 2021, cumulative withdrawal stood at RM18.10 billion** and involving **5.16 million recipients** (compared to RM17.67 bilion and involving 5.15 million recipients from the previous week). Retirement planning is crucial, and the people are encouraged to utilise the free **Retirement Advisory Service (RAS)** provided by EPF. Information on this free service can be found at: https://www.kwsp.gov.my/ms/member/retirement-advisory-service
2.	***Frontliners Allowance***	a. As of **19 February 2021**, **a total of RM484.85 million has been channelled based on 1,453,454 claims f**rom doctors, nurses and other medical personnel directly involved in the management and containment of the COVID-19 pandemic. b. This special allowance is also extended to members of the military, police, customs, immigration, firemen, members of the Civil Defense Force as well as RELA members who are directly involved in implementing the Movement Control Order (MCO).

OBJECTIVE 2: SUPPORTING BUSINESSES		
3.	**SME Soft Loans Funds Administered by Bank Negara Malaysia (BNM)**	As of **19 February 2021**, the total number of applications approved by local banks and accepted by SMEs is **RM11.63 billion** which will benefit **24,628 SMEs.** This amount includes Special Relief Facility (SRF), Automation & Digitalisation Facility (ADF), All-Economic Sector Facility (AES) and Agrofood Facility (AF) funds.

SME Soft Loans Funds	Approved and Accepted Amount* (RM billion)	Number of SMEs*
19 February	**11.63**	**24,628**
12 February	11.63	24,628
5 February	11.63	24,628
29 January	11.60	24,613
22 January	11.60	24,590
15 January	11.58	24,564
8 January	11.58	24,564
1 January	11.54	24,519
25 December	11.29	24,012
27 November	11.13	23,711
30 October	10.87	23,305
25 September	10.67	22,984

28 August	10.3	22,440
July	9.6	21,410
June	8.4	19,539
May	6.9	16,833
April	1.5	3,636

**Cumulative Amount*

Although the SRF funds have been fully utilised, SMEs can still apply for available funding schemes under the BNM Funds such as **ADF**, **AES** and **AF**. SMEs can also acquire other funding via the **imSME platform** via the link https://imsme.com.my/portal/en/ that will help match the required funding by SMEs with multiple financial institutions.

APPENDIX 2 – PENJANA ACHIEVEMENTS

OBJECTIVE 1: EMPOWER PEOPLE		
1.	**MY30 PUBLIC TRANSPORT SUBSIDY**	As of **February 19**, a total of **RM127.74 million** has been channeled for the subscription of **751,414 unlimited monthly public transport passes** worth RM30, which is provided specifically for Malaysian citizens. As announced under the 2021 Budget, this initiative is extended to 2021 to further promote mobility and reduce the burden of public transport costs for the people.

MATLAMAT 2: PROPEL BUSINESSES		
2.	**TEKUN Business Recovery Scheme (TBRS)** for Micro SMEs	This RM100 million fund **has achieved its objective** by benefitting **14,946 Micro SMEs**
3.	**Technical and Digital Utilisation support for SMEs and Mid-Tier Companies (MTCs)**	As of now, **RM40.5 million** has been channelled to **8,580 businesses** in the form of grants and loans for subscription to digitalisation services.

Date as of	Applications Approved	Amount Disbursed* (RM million)
19 February	**8,580**	**40.5**
12 February	8,580	40.5
5 February	8,577	31.5
29 January	8,576	28.5
25 December	5,691	21.5
27 November	3,274	12.0
30 October	1,134	6.7
25 September	439	1.5

**Cumulative Amount*

OBJECTIVE 3: STIMULATING THE ECONOMY		
4.	**Support for Agriculture and Food Industry**	Funding worth **RM400 million** has been allocated for farmers and fishermen. Under this scheme, RM350 million is an allocation under the Agrobank Microcredit Financing Scheme. A total of **RM85.1 million** has been channeled under this scheme to benefit **7,723 Agricultural Micro SMEs**. Food security is very much emphasised in the PENJANA Plan and Budget 2021.
5.	**100% exemption from export duty to commodity sector**	Includes palm oil-based industries, to stimulate the growth of the country's commodity sector and export value. This initiative can help make it more convenient for smallholders to sell their produce to

		factories. The value of export duty exemption successfully utilised by the country's industry is **RM593.9 million**.
6.	**Service tax exemption for hotels**	Specifically to support the tourism sector until 30 June 2021. The value of tax exemptions that have been utilised by accommodation premises operators has reached a value of **RM1.37 billion**. Other initiatives to support the tourism sector include individual income tax relief of up to RM1,000 on travel expenses, as well as full tourism tax exemption.