

Economic revival in the long term

Govt focuses on creating more jobs to ensure continued financial recovery

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AFTER an event-stirred 2020 where the Covid-19 pandemic caused great stress to the people through a shutdown of the economy and a stock market crash, the government is now shifting its focus towards an economic revival.

For Tengku Datuk Seri Zafrul Tengku Abdul Aziz (pic), who has completed his first year as Finance Minister, the job to get Malaysia back on her feet from the initial Covid-19 economic onslaught began from the start of his minister-ship.

It was a mere 18 days after being appointed minister that the first RM250bil Prihatin economic package was presented. Along the way, in navigating through different economic waves caused by the pandemic, the government worked hard to introduce various other packages that sought to bring aid and calm to the rakyat and the economy.

It has rolled out RM305bil in total through the Prihatin, PrihatinPKS+, Penjana and KitaPrihatin stimulus packages last year to defend the remaining pillars of the economy last year.

And with the largest ever Budget of RM322.5bil, it managed to keep everything afloat as it buys time for a nationwide inoculation exercise which has since begun, to enable a full restart of the economy.

"Ultimately, it is all about outcomes. As difficult as things were in 2020, initiatives such as the Wage Subsidy Programme, through which RM14.4bil has been disbursed, managed to save 2.7 million jobs and helped 320,000 employers.

"When crafting Budget 2021, we also had more than 6,000 engagements with numerous stakeholders from various sectors including NGOs and civil society organisations.

"Given MOF's thoroughness of the engagement process, I feel that all options had been considered and no stones had been left unturned.

"Of course, we could not predict the terrible floods in January 2021, and combined with MCO 2.0, we swiftly came up with the Permai Assistance Package," he said.

Addressing a special press conference, he said Putrajaya's main focus in 2021 would be to create 500,000 jobs with various systematic efforts under the National Employment Council, through the Employment Guarantee Generation Scheme (JanaKerja) and also the Short-Term Employment Programme (MySTEP).

Setahun MALAYSIA PRIHATIN



MySTEP offers 50,000 job opportunities on a contract basis in the public sector GLCs.

Tengku Zafrul said the government's main priority was to find a balance between saving lives and livelihoods.

"In wanting to save lives, when the medical world was still grappling with the exact features of Covid-19, we lost an estimated RM2.4bil daily through MCO 1.0. Since then, whether we did the right things or not can be seen in the data points.

"More than 320,000 employers, and almost 900,000 micro SMEs, were financially assisted so they could maintain their capacity.

"Employment was 5.3% in May 2020, and this was reduced to 4.8% in December 2020. The GDP for 4Q 2020 grew by 24% from 2Q 2020. Yes, GDP for 2020 contracted by 5.6% but without our stimulus packages, the situation would have been a lot worse.

"In a nutshell, from MOF's standpoint, while we saved livelihoods reasonably well by saving 2.7 million jobs, our measures like allocating an additional RM3.25bil for public healthcare through Permai, also proves that we have never compromised on lives. Both are important for businesses to continue operating," he said.

While Tengku Zafrul expressed his concern that 30% of Employees Provident Fund (EPF) members only have the minimum balance of RM100 in their Account 1, he said the immediate concern was to address today's problem, which is their cash flow.

The EPF introduced i-Lestari and i-Sinar last year for Account 2 and Account 1 withdrawals to assist those who were affected by the pandemic.

"This is a serious concern even before announcing i-Lestari (in March last year). Going forward, we need to see this as a structural issue.

"In the short term, they need support and in the longer term, they need a safety net. This is about strengthening the financial security of the members.

"Those who are still working will feel that they will be able to accumulate savings for future EPF con-

March 16, 2020

Established **Laksana** to monitor the effectiveness of the implementation of the economic stimulus packages

March 27/ April 6, 2020

Implementation of **Prihatin and Prihatin PKS+**, benefiting more than 20 million people and 2.4 million businesses. Initiatives include loan moratorium, wage subsidy programme and i-Lestari

June 9, 2020

Implementation of **Penjana**, benefiting more than 12.5 million people and 350,000 businesses. Initiatives include Penjana SME financing scheme, wage subsidy programme and internet connectivity

Aug 2020 to March 2021

1MDB related settlements (US\$3.9bil from Goldman Sachs in Aug 2020, RM2.83bil from AMMB Holdings Bhd in Feb 2021 and RM324mil from Deloitte in March 2021)

Sept 23, 2020

Implementation of **KitaPrihatin**, benefiting more than 10.1 million people and 705,000 businesses. Initiatives include Bantuan Prihatin Nasional, Prihatin Special Grant and wage subsidy programme

Oct 23, 2020

Parliament approves Temporary Measures for Government Financing (Coronavirus Disease 2019 (COVID-19) Act 2020)

The Finance Ministry's achievements over the past year

Impact to the people, businesses and the economy

More than 2.7 million jobs saved

> Benefited 320,000 employers > RM14.4bil channeled into wage subsidy programme to help companies retain workforce and capacity

Cash flow assistance of RM151.5bil

> The six months automatic moratorium assisted 7.7 million borrowers of RM65bil and 243,000 businesses of RM35bil > Targeted repayment assistance helped 621,000 borrowers of RM43.9bil and 7,000 businesses of RM7.6bil

24% higher economic activities

> GDP of RM357.4bil recorded for the fourth quarter of 2020 as compared to RM289.4bil for the second quarter of 2020. > According to the World Bank, Malaysia's GDP is expected to grow between 5.6% and 6.7% in 2021

Main focus in 2021

- Job creation**
To generate income opportunities for the people
- Direct and indirect assistance**
To ease the burden of the people
- Digitalisation**
To build a better future
- GLC transformation**
To optimise GLCs and GLCs
- SMEs/ Micro SMEs**
To assist business recovery
- Accelerating projects**
To stimulate economic recovery

Source: Finance Ministry

TheStargraphics

tributions. That's why jobs are important," he said, adding that the government would need to assist the EPF contributors in the longer term in replenishing their Account 1, especially those laid off that have started to work again.

Other main areas for 2021 include digitalisation to ensure inclusivity and bridge the digital divide between rural and urban, the empowerment of SMEs and micro SMEs to assist them in their recovery and also expediting projects to drive an economic recovery.

"We aim to be more targeted this year to ensure optimal use of our resources. We have begun to collect and cross-refer data, particularly those who are still not on specific registries utilised for channelling government aid like LHDN," he said.

Tengku Zafrul assured the people not to be afraid of the taxman as

those earning below the taxable level would never be taxed, but it was important to have their information captured in the tax system to help deliver aid to them.

"In terms of delivery, MOF branches in Sabah and Sarawak, for example, have done their utmost to deliver cash aid to the people in the interiors. If they were digitally connected, funds could be transferred even through their mobiles.

"This is, of course, another issue that we are looking to improve. For a start, Bank Simpanan Nasional's mobile banking service is going through the necessary approvals for rollout in Sarawak, while the same service will begin in Sabah in June 2021," Tengku Zafrul said.

He said MOF regularly engaged with analysts and ratings agencies to ensure that the government's perspective was communicated well.

With rating agency Moody's reaffirming Malaysia's local and foreign currency long-term issuer ratings at A3 with a stable outlook, he said that was testament to the country's strong fiscal discipline and robust medium-term growth prospects, on the back of earnest Covid-19 containment measures.

"Recently, we have begun paying RM6.5bil to 8.5 million registered recipients of the Bantuan Prihatin Rakyat (BPR). Those recipients registered themselves in 2020 due to the extensive communications efforts by MOF.

"We will be ramping up our communications to the public further in 2021, particularly to ensure that they are aware of the benefits they can get via MOF website <http://belanjawan2021.treasury.gov.my/manfaat/index.php/bm/>," Tengku Zafrul said.