

Special Announcement on PERMAI Assistance Package

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SPEECH TEXT

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PRIME MINISTER OF MALAYSIA**

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Bismillahirrahmanirrahim,

Assalamualaikum Warahmatullahi Wabarakatuh and a very good day,

Introduction

1. My fellow Malaysians. How is everyone doing? Today marks the seventh day since the Government declared a Movement Control Order or MCO in

seven states, Conditional MCO in five other states and Recovery MCO in the rest of the country.

2. Since the implementation of the MCO, the daily statistics of positive COVID-19 cases still remain high. However, the number of recovered cases is also high, more than 75 percent of total cases, Alhamdulillah. I would like to express my deepest appreciation to the frontliners for their sacrifice and unwavering commitment.

3. As our country's pandemic situation is still worrying, I hope we can continue to do our best in keeping ourselves safe and complying with the prescribed SOPs. Indeed, with the MCO implementation, daily economic activities will be affected, especially local businesses and small enterprises.

4. However, this MCO differs from the last MCO in that more economic activities are allowed to operate, particularly the five essential economic sectors, namely: manufacturing, construction, services, trading and distribution, as well as plantations and commodities. This ensures that the supply of daily necessities, international trade and the supply chain for industries, critical infrastructure and emergency works are not disrupted.

My beloved Malaysians,

5. Since the onset of the COVID-19 pandemic early last year, the Government has implemented four economic stimulus packages worth RM305 billion, equivalent to more than 20 percent of GDP, to assist the rakyat and businesses as well as to safeguard our economy. These economic stimulus packages involved a fiscal injection of RM55 billion by the Government.

6. Alhamdulillah, through monitoring by LAKSANA Agency under the Ministry of Finance, I have been informed that the efforts by the 53 ministries and Government agencies have ensured that more than 20 million people and 2.4 million businesses have benefited directly from the stimulus packages. Further supporting our economic recovery efforts is the Budget 2021 which was announced on 6 November 2020. This budget, with an allocation of RM322.5 billion, is the largest in the country's history.

7. Every week, I make it a point to stress to my fellow cabinet ministers that all these initiatives must be implemented swiftly. There is no time for delays. The benefits must be channelled to the target beneficiaries as soon as possible.

**Perlindungan Ekonomi Dan Rakyat Malaysia (PERMAI)
Assistance Package**

8. The Government has, time and again, demonstrated that we will not compromise in ensuring the Rakyat's wellbeing, business continuity and economic resilience. As such, I am pleased to announce today the Perlindungan Ekonomi dan Rakyat Malaysia (PERMAI) assistance package, valued at RM15 billion.

9. In general, the PERMAI assistance package improves on the existing on-going initiatives and also accelerates the implementation of related initiatives. A total of 22 initiatives will be implemented under PERMAI, anchored on the three main objectives which are:

First : Combating the COVID-19 Outbreak;
Second : Safeguarding the Welfare of the People; and
Third : Supporting The Business Continuity.

First Objective: Combating the Covid-19 Outbreak

10. Under the first goal of combating the COVID-19 pandemic, the Government has provided an additional allocation of RM1 billion, of which RM800 million is for the Ministry of Health and the balance for the National Security Council and other relevant agencies. This allocation

focuses on supplies, including additional reagents and screening kits as well as PPE equipment, specifically for healthcare frontliners.

Initiative 1: Implementing the COVID-19 Vaccination Programme

11. I am pleased to announce that the planning for our Vaccination Programme is on-track. The Government has signed three agreements with vaccine producers, and is expected to receive the first batch of vaccines by the end of February. Through the established Special Committee on Ensuring Access to COVID-19 Vaccine Supply, the Government will ensure transparency in the procurement of vaccines and give the utmost priority to the National Immunisation Programme. A total of RM3 billion has been allocated specifically for this purpose.

12. For those who will soon receive the vaccine, the guidelines and methods on receiving the vaccine will be announced soon. Realistically, the vaccination program will be implemented in phases over a period of 12 months. This means the first batch is expected to be vaccinated by early March, and Malaysia is expected to meet its target of vaccinating more than 80 percent of its population or close to 27 million people by the first quarter of 2022.

13. I would also like to share that the Special Muzakarah Committee of the National Council for Malaysian Islamic Affairs has decreed that the COVID-19 vaccine is allowed, and is a necessity for specific groups. Ensuring the welfare of the community by protecting people from being infected by dangerous diseases is not something new from the (Islamic) Syarak perspective.

Initiative 2: Strengthening the National Healthcare Sector

14. In our efforts to combat the pandemic, the recruitment of an additional 8,000 healthcare personnel for the Ministry of Health was approved last year. Taking the current situation into account, the Government will recruit an additional 3,500 healthcare personnel who will start working at the end of this month, with an additional allocation of RM150 million. These recruits comprise assistant medical officers, paramedics, laboratory technicians and nurses. My commitment is that the Government will increase the recruitment of healthcare professionals should the need arise to support the immunisation programme.

15. As announced during Budget 2021, the one-off provision of RM500 to healthcare frontliners and RM300 to other frontliners will be paid in the first quarter of this year. Meanwhile, the existing special monthly allowance of RM600 to healthcare frontliners and RM200 to other frontliners will continue until the COVID-19 pandemic is over.

Initiative 3: Enhancing Cooperation with Private Hospitals

16. To further enhance cooperation between the public and private sectors in combating the COVID-19 pandemic, private hospitals have agreed to receive and treat both COVID-19 and non-COVID-19 patients to help alleviate the strain on the public healthcare system. The Government will allocate RM100 million for this purpose.

Initiative 4: Stepping up Testing of Employees

17. I understand the rakyat's concerns regarding the COVID-19 outbreak among foreign workers, especially those working at construction sites and in factories. As such, the SOPs for the construction of buildings during the MCO require employers to provide suitable accommodation and confine their employees to the construction sites. In this regard, employers are advised to tighten the SOPs, improve their foreign workers' accommodation and movement control as well as increase screening of employees to support efforts to curb the spread of COVID-19.

18. At the same time, SOCSO is involved in the COVID-19 Screening Test Program on registered foreign workers. The cost of screening will be borne fully by SOCSO in red zones to identify possible COVID-19 clusters at workplace. From 1st December, 2020 to 17th January, 160,982 foreign workers had undergone screening for COVID-19 under this program.

19. To support more individuals to do COVID-19 screening and detection tests privately, the scope for tax relief relating to full health screening expenses, which was increased from RM500 to RM1,000 in Budget 2021, has now been expanded to also cover COVID-19 screening.

Second Objective: Safeguarding the Rakyat's Welfare

20. The second objective of the PERMAI assistance package is to continue with efforts to safeguard the Rakyat's welfare following the implementation of the MCO, especially the vulnerable groups and informal workers, who are dependent on daily wages.

Initiative 5: Accelerating the Bantuan Prihatin Rakyat Assistance

21. Under the KITA PRIHATIN package introduced last year, the final payment of the Bantuan Prihatin Nasional or BPN 2.0 will be brought forward from 21 January 2021 onwards. A total of 11.1 million recipients will receive a total payment of RM2.38 billion.

22. For phase one of Bantuan Prihatin Rakyat or BPR, the first instalment will involve more than 8 million recipients. Households earning up to

RM5,000 per month will receive RM300 each while for those under single category, earning up to RM2,000 per month will receive RM150.

Initiative 6: Strengthening Welfare Programmes

23. Under Budget 2021, the Government has increased the monthly rate of welfare assistance under the Social Welfare Department (JKM) with effect from January 2021. This welfare assistance involves an allocation of RM2.2 billion and will benefit more than 400,000 recipients.

24. JKM will also implement a Food Basket Program immediately which will provide essential food items worth RM100 for each eligible household, involving a total allocation of RM50 million.

25. In addition to contributing towards protecting the welfare of the vulnerable groups, the Government will allocate RM25 million under the GLIC/GLC Disaster Relief Network program as a matching grant with government-linked companies for social initiatives. This includes the provision of community assistance, including to the elderly, homeless, the disabled and flood victims.

26. In appreciation of the noble efforts of those who would like to make contributions towards curbing the spread of the COVID-19 pandemic, the Government has announced several incentives in the form of tax deductions for donors who have been assisting in cash and kind those impacted by the pandemic. Such donors are eligible for a tax deduction based on their gross business income or aggregate income.

Initiative 7: Continuing the Moratorium and Loan Instalment Reduction

Ladies and Gentlemen,

27. During the implementation period of this MCO, I would like to emphasise that assistance in the form of moratorium and reduction of loan repayment instalments will continue. The moratorium facility, including extension of the moratorium and restructuring of loan repayment will continue to be offered by banks as announced previously. For flood-affected states, 15 banks have offered the loan repayment moratorium.

28. To date, more than 1.3 million borrowers have applied for and received such assistance, with an approval rate of 95 per cent for individual borrowers and 99 per cent for SME borrowers. Malaysians need not worry about contacting their respective banks should they require repayment flexibility.

29. For borrowers facing difficulties in dealing with banks, Bank Negara Malaysia and the Credit Counselling and Debt Management Agency (AKPK) are ready to assist and advise borrowers through the telephone or online.

Initiative 8: Enhancing the EPF i-Sinar Program

30. Since 21 December 2020, the i-Sinar facility has been made available to all EPF members whose incomes have been affected by COVID-19. As at 13 January 2021, more than 3 million applications had been approved, with a total of RM24 billion payable this year. To further enhance the i-Sinar facility, especially for those facing challenges due to the MCO and floods, the Government has been informed that EPF will provide an advance of up to RM1,000 from the amount applied under the i-Sinar Category 2 facility.

31. The i-Sinar Category 2 advance withdrawal process has also been simplified as members need to only provide a self-declaration that they meet the prescribed criteria and submit the supporting documents online. The Government has also asked EPF to facilitate the advance payment, which will commence on 26 January. Further details will be announced by EPF in the near future.

Initiative 9: Extending the Special Tax Relief on the Purchase of Mobile Phones, Computers and Tablets

32. The Government acknowledges that various incentives and tax reliefs have successfully stimulated the economy in several sectors. In line with the new normal, there is greater reliance on the use of digital equipment. Hence, I am pleased to announce that a special tax relief of up to RM2,500 on the purchase of mobile phones, computers and tablets which expired on 31 December 2020, will be extended for another year until the end of 2021.

Initiative 10: Extending the Provision of Free Internet Access

33. The telecommunications industry is committed to provide assistance during this MCO period. The provision of free 1 Gigabit data has been offered to the public to browse websites, including for educational purposes. This RM500 million facility started on 1 January 2021, and will be extended until the end of April 2021.

34. In addition, a special subscription package for students who are sitting for their SPM and STPM examinations will be extended to all students of higher learning institutions. This package will also be made available until the end of April 2021. The Government hopes that all these efforts by the telecommunications industry will ease the burden for consumers.

Initiative 11: Extending the sales tax exemption on passenger vehicles

35. To boost the sales of passenger vehicles affected by COVID-19 as part of the PENJANA package, the Government announced a sales tax exemption for locally assembled and imported passenger vehicles until 31 December 2020. The Government recently announced the extension of this exemption until 30 June 2021. I trust this measure will continue to drive the growth momentum of the automotive sector.

Initiative 12: Extending the Moratorium Period for PTPTN Borrowers

36. For PTPTN borrowers affected by the COVID-19 pandemic or floods, they can apply for a three-month PTPTN loan repayment moratorium. Application for this moratorium can be made until 31 March 2021.

THIRD OBJECTIVE: SUPPORTING THE BUSINESS CONTINUITY

Dear Fellow Malaysians,

37. For the Third Objective of Supporting Business Continuity, the Government understands that during MCO, all types of businesses face various challenges including difficulties in managing cash flow as well as

utility and rental payments. As such, the Government will endeavour to reduce the business sector's burden through several measures.

Initiative 13: Improving the Wage Subsidy Program

38. The Government has received feedback that among the better received initiatives by employees and employers, is the Wage Subsidy Program. The Government is pleased to announce that the Wage Subsidy Program 3.0 under SOCSO will be enhanced whereby all employers operating in the MCO states will be eligible to apply, irrespective of sector. For a period of one month, eligible employers will receive a wage subsidy of RM600 for each of their employee earning less than RM4,000. In addition, the wage subsidy limit of 200 employees for each employer will be increased to 500 employees. This initiative involves an additional allocation of RM1 billion which is estimated to benefit 250,000 workers employing more than 2.6 million workers.

39. For those who suffered loss of employment during the MCO enforcement, the Government has agreed to relax the conditions for the Employment Insurance System program or SIP PRIHATIN. Employees who do not meet the minimum contribution conditions, or whose contract was not extended after having been renewed for at least 3 times previously, are now eligible to apply for the SIP PRIHATIN assistance of 30 percent of their monthly salary for a period of 3 months.

40. The Government appreciates the contribution of delivery riders who form the backbone of the delivery services of goods and meals during this MCO period. In this regard, RM24 million has been allocated by the Government to fund the full contribution under SOCSO's Self-Employment Social Security Scheme. To date, almost 32,000 applications from delivery riders have been received under the scheme.

Initiative 14: Continuing the Prihatin Special Grant

41. During the tabling of Budget 2021, the Government announced a financial assistance of RM1,000 each through the Prihatin Special Grant Plus for traders and hawkers in Sabah.

42. In this regard, I am pleased to announce that the Government will expand the Prihatin Special Grant Plus assistance to cover 500,000 SMEs in the seven MCO states with a payment of RM1,000 each, while 300,000 SMEs in other states will receive RM500 each. The expansion of this additional special grant or the PERMAI Prihatin Special Grant, involves an additional allocation of RM650 million. However, should a state be declared a red zone with MCO imposed, the Government is ever ready to assist by immediately channelling additional assistance to SMEs in that state.

Initiative 15: Providing One-Off Financial Assistance to Taxi and Bus Drivers

43. To alleviate the burden faced by taxi and bus drivers, the Government has agreed to provide a one-off financial assistance of RM500 to 14,000 tourist guides as well as 118,000 drivers of taxis, school buses, tour buses, rental cars and e-hailing vehicles, with an additional allocation of RM66 million.

44. In addition, the Government currently provides exemption from excise duty and sales tax for the purpose of transfer, disposal and for private use of taxis, provided the vehicle is owned for seven years. I am happy to announce that this condition has been reduced to five years, effective from 1 January to 31 December 2021.

Initiative 16: Accelerating the Implementation of Microcredit Schemes

45. To assist the cash flow of micro-enterprises and SMEs, the Government will expedite the implementation of microcredit schemes that had been announced previously. The implementation of RM1 billion microcredit facilities include soft loans amounting to RM390 million by Bank Simpanan Nasional, RM350 million by Agrobank and RM295 million by TEKUN.

Initiative 17: Supporting and Boosting Online Businesses

46. To continue the support for entrepreneurs and businesses in generating income through online sales or e-commerce platforms, the Government will accelerate the implementation of the SME and Micro SME e-Commerce Campaign and Shop Malaysia Online campaign, with a total allocation of RM300 million. Through these campaigns, micro entrepreneurs will receive business coaching and on-boarding onto e-commerce platforms while buyers will enjoy savings through online shopping.

Initiative 18: Enhancing the Danajamin PRIHATIN Guarantee Scheme

47. Under the PENJANA package, the Government announced the Danajamin Guarantee Scheme, or SJPD amounting to RM50 billion, to support the private sector's growth and boost the country's economy. As part of the enhanced measure, the Government will:

First: Increase the maximum financing from RM500 million to RM1 billion;

Second: Expand the scope of financing to cover working capital with a guarantee period of up to 10 years; and

Third: Allow foreign-owned companies operating in Malaysia to also obtain the SJPD guarantee provided that Malaysian employees account for at least 75 percent of their workforce. The Government hopes that the improved SJPD will help promote growth of the private sector and retain Malaysia's position as an investment destination of choice.

Initiative 19: Rescheduling and Extending the Moratorium Period for MARA Loans and MARA Premises Rental

48. For MARA borrowers, MARA will continue its MARA PRIHATIN Peace of Mind 2.0 program, where borrowers can apply to reschedule the repayment of MARA education loan facilities, or for business loan moratorium until 31 March 2021. In addition, MARA entrepreneurs affected by COVID-19, MCO and the floods can apply for the MARA business financing rescheduling programme. In addition, MARA has agreed to provide a 30 percent rental discount on business premises for a period of six months from November 2020 to April 2021. I would also like to urge other agencies and companies to follow suit in offering loan rescheduling and rental discounts on business premises.

49. To alleviate the burden of SMEs, the Government has given a special tax deduction to any company that provides a reduction of rental on business premises to SMEs of at least 30 percent from the original rental rate from 1 April 2020 to 31 March 2021. Based on current economic conditions, this special deduction will be expanded to cover the rental reduction also given

to non-SMEs. This special deduction period will also be extended until 30 June 2021. In addition, the Human Resources Development Fund will exempt the employer levy for companies that are unable to operate during the MCO and CMCO periods.

Initiative 20: Continuing Electricity Bill Discounts

50. The Government has agreed to provide a special discount of 10 percent on electricity bills from January to March 2021 to six business sectors nationwide, comprising hotel operators, theme parks, convention centres, shopping malls, local airline offices as well as travel and tour agencies.

51. In addition, electricity rebates will be given to all TNB users, domestic and non-domestic at a rate of 2 sen per kilowatt-hour, which is equivalent to a reduction in electricity bills of up to 9 percent for a period of 6 months, from 1st January to 30th June 2021.

Initiative 21: Introducing a Bus and Taxi Hire Purchase Rehabilitation Scheme

52. Syarikat Jaminan Pembiayaan Perniagaan will introduce a Bus and Taxi Hire Purchase Rehabilitation Scheme. Under this scheme, a 50 per cent

guarantee on financing from hire purchase and leasing companies will be provided for selected buses such as sightseeing buses, and taxis. Through this, bus and taxi operators can restructure their financing and enjoy a 12-month moratorium and lower monthly repayments. A guarantee of RM1 billion will be provided for this purpose.

Initiative 22: Extending the Temporary Measures for Reducing the Impact of COVID-19 Act 2020

53. Last year, the Temporary Measures for Reducing the Impact of COVID-19 Act 2020, or Act 829, was enacted to assist individuals and businesses that were economically impacted by the COVID-19 outbreak. This Act came into force on 23rd October 2020.

54. The original effective period covering inability to perform contractual obligations under the Act expired on 31 December 2020. As such, based on the current situation and the MCO announcement, the Government agreed to extend the effective period of inability to perform contractual obligations to 31st March 2021. This includes hire purchase or lease contracts and credit sales contracts which benefit groups such as the B40, M40 and micro enterprises who are unable to meet their contractual obligations.

55. To better understand how the 2021 Budget initiatives and assistance available can help you, please visit the Budget 2021 Benefits Portal today at <http://belanjawan2021.treasury.gov.my/manfaat>

IMPACT OF MCO TO THE ECONOMY AND THE FEDERAL GOVERNMENT'S FISCAL POSITION

56. We saw the impact of the MCO implementation on economic growth where GDP in the second quarter of 2020 recorded a significant decline, with a significant rise in unemployment rate. Alhamdulillah, with the implementation of the economic stimulus packages, we managed to achieve a smaller GDP contraction rate, from 17.1 to 2.7 percent, and a reduction in the unemployment rate from 5.1 to 4.7 percent from the second to the third quarter of 2020.

57. The Government does not expect an impact similar to the second quarter of 2020 as the implementation of the current MCO sees more economic activities being allowed to operate. As such, the impact of the current MCO to the economy is expected to be manageable. Growth will continue to be supported by strong exports sector and the global trade recovery. The economic stimulus packages, Budget 2021 and the PERMAI assistance package will continue to boost consumption. Furthermore, high-impact projects and initiatives with significant economic multipliers will continue to drive the economic recovery momentum.

58. The Government acknowledges that the implementation of MCO, coupled with the Emergency Proclamation in force from 11 January to 1 August 2021 may have raised some concerns among the people and the business community. I would like to emphasize once again, that this Declaration of Emergency is with the sole intention of curbing the spread of the COVID-19 pandemic, which is currently the biggest threat to the socio-economic development of the country. The Government will endeavour to do everything possible to ensure that the impact of these measures on the country's economy is contained. In fact, since 11 January 2021, it is clear that our capital markets such as Bursa Malaysia and the bond market have remained stable and orderly.

59. To finance the PERMAI assistance package, the Government will re-allocate existing funds based on current priorities and through more prudent spending. The Government will also ensure that all initiatives announced are implemented expediently and effectively.

CLOSING

Dear Fellow Malaysians,

60. While we are combating the COVID-19 pandemic, we are also being tested by floods. On this occasion, it is with deep reverence and utmost respect that we appreciate the concern and attention of His Majesty

Kebawah Duli Yang Maha Mulia Seri Paduka Baginda Yang di-Pertuan Agong dan Raja Permaisuri Agong, in visiting flood-stricken areas and being involved in flood relief missions for victims at temporary relief centres as well as villages around Pahang recently.

61. I have instructed the relevant Government agencies to expedite all forms of flood assistance. On repairing infrastructure damaged by floods across the nation and to alleviate the rakyat's burden or repairing their homes, the Government will set aside an initial allocation of RM200 million. Apart from that, a total of RM50 million has been channelled to the National Disaster Relief Trust Fund under NADMA for operating expenses for disaster relief during this current Northeast Monsoon season.

62. I hope all Malaysians will keep calm at home, and for those who need to be physically present in the office, please abide by the SOPs in order to stay safe.

63. To all Malaysians, I would like to express my utmost gratitude for accepting our sincere intentions and continuing to support the Government's efforts. I would also like to thank all of those who have contributed in combating the COVID-19 pandemic and the floods. This includes the corporate sector, NGOs and volunteers working hand-in-hand tirelessly in the face of these challenges.

64. I have full confidence that even in the face of 1,001 problems, we can be inspired to find a million solutions. As human beings, we can continue to plan and do our very best, but pray and leave the rest to the One True Almighty. With the inspiration and strength bestowed in us, God willing, we will be able to forge a better life. I believe the resourcefulness, tenacity and resilience inherent in our true Malaysian spirit will serve us well in facing this great adversity. We will prevail, insha-Allah.

Wabillahi Taufik Wal Hidayah Wassalamualaikum Warahmatullahi
Wabarakatuh

**YAB TAN SRI DATO' HAJI MUHYIDDIN BIN HAJI MOHD
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