



PAKEJ BANTUAN SARAWAKKU SAYANG 2.0

SARAWAKKU SAYANG ASSISTANCE PACKAGE 2.0

Assisting Small, Medium, Micro Enterprises, Hawkers and Petty Traders to Sustain Socioeconomic Wellbeing

Good afternoon fellow Sarawakians, I hope all of you are in good health. Before I start my announcement, I would like to take this opportunity to wish Good Friday to our fellow Christians.

On 23 March 2020, Sarawak Government had announced **Bantuan Khas Sarawakku Sayang (BKSS)** worth **RM1.15 billion**. Since then, I received feedbacks from various business associations and chambers of commerce who have requested the Government of Sarawak to consider assistance to Small and Medium Enterprises (SMEs), Micro Enterprises as well as hawkers and petty traders.

I am aware that SMEs are key drivers to Sarawak's economy. The SMEs that make up over 75 percent of our business sector, contributing 20 percent to Sarawak GDP and provide about 600,000 jobs for Sarawakians.

I know entrepreneurs by definition are people who take risks to set up businesses, taking on financial risks in the hope of making profits and they are obviously important drivers to our economy.

Therefore, I feel it is important for GPS Government to be responsive to the problems faced by SMEs, Micro Enterprises as well as hawkers and petty traders so that they can remain resilient in the face of economic pressures that are affecting us all.

How do we define SMEs? According to SME Corp, SMEs include the services, manufacturing, agriculture, construction and mining & quarrying industries.

For the manufacturing sector, SMEs are firms with sales turnover of not exceeding RM50 million or number of full-time employees not exceeding 200 workers.

As for the services and other sectors, SMEs are firms with sales turnover of not exceeding RM20 million or number of full-time employees not exceeding 75 workers.

One of the main challenges faced in the business sector is cash flow. Therefore, I have requested my Deputy, Datuk Amar Douglas Uggah Embas to engage with NGOs, business associations, chambers of commerce and a number of local financial institutions to find solutions to the problems that our local SMEs are facing.

I am happy that all of them have provided insights on how this deadly virus has affected their day to day business activities. They all have voiced their needs for Government interventions and assistances. My office through EPU Sarawak has compiled all the requests and data submitted by the respective associations for my Cabinet to deliberate and make decisions based on our capacities.

As a result of all these engagements and the information gathered, my Cabinet and I, are happy to announce today additional measures for BKSS, that I term as BKSS 2.0. This **second aid package**, valued at **RM1.1 billion** is to ease the financial burden of our SMEs, Micro Enterprises as well as

hawkers and petty traders to assure continuity of the enterprises in this trying times. The Government is considering four measures under BKSS 2.0. The measures are as follows:

MEASURE 1: INTEREST FREE SOFT LOAN FOR SMEs

Based on records, there are over 40,000 SMEs operating in Sarawak. These SMEs are the backbone of Sarawak's economy that provide job and business opportunities to Sarawakian.

In collaboration with Maybank Bank, Hong Leong Bank and RHB Bank, under the Bank Negara Malaysia (BNM) Special Relief Fund (SRF), Sarawak Government agreed to absorb the interest costs due to be released to our SMEs. The interest free loans of **RM1.0 billion** will be made available for our SMEs.

The financial implication for the interest rates subsidy over the three and a half years is **RM80.7 million**. The scheme will benefit more than 40,000 SMEs throughout Sarawak.

SMEs need to apply for the loans directly from any branches of either **Maybank Bank, Hong Leong Bank** or **RHB Bank**. All SMEs have an option to apply for either Islamic or conventional loans for the scheme.

Under this measure, all Sarawak registered SMEs must first comply with National SME Development Council (NSDC) SME definition and the following easy financing conditions:

- (a) Working capital in respect to salary payment;
- (b) Interest free loan amount from RM20,000 to RM500,000;
- (c) No collateral required;
- (d) Sole proprietorship, partnership and Sdn Bhd; and
- (e) Business in operations three years and more.

For SMEs who operate less than 3-years, they can still opt to apply for the RM50 million Micro Credit Scheme through Ministry of International Trade & Industry, Industrial Terminal & Entrepreneur Development Sarawak (MINTRED), which I have announced in the first BKSS on 23rd March 2020.

For SMEs to better understand the interest free loan assistance provided, let me share an example. The loan amount is to be based on total staff salary for 6 months.

Example of the calculation:

$$\begin{aligned} & \text{Total staff salary x 6 months} \\ & = (10 \text{ staffs x RM3,000 x 6 months}) \\ & = \text{RM180,000 loan amount} \end{aligned}$$

The loan amount of RM180,000 will be released in full amount to the SME once the necessary documentation is completed. I hope this measure will ensure business resilience and job security for our people.

MEASURE 2: SPECIAL GRANT OF RM1,500 TO HAWKERS AND PETTY TRADERS THROUGH SARAWAK PAY

A Special BKSS Grant amounting to RM1,500 per entrepreneur will be provided to each hawkers and petty traders registered with Local Authorities. This will benefit more than 65,000 petty traders and hawkers throughout Sarawak. The grant will be paid out to the respective qualified entrepreneurs' through Sarawak Pay account in two tranches. The overall cost of the Grants to be borne by Sarawak Government is **RM98.4 million**.

For those hawkers and petty traders who are eligible to receive assistance but have no Sarawak Pay account, you can easily apply. It is very simple. Just use your smart phone to download Sarawak Pay App through Apple Store or Google Play Store and apply online. Please fill in the required information, press the send button and wait for payment to be credited into your account. As an entrepreneur, I believe this should be a very simple process.

I was informed that over 15,000 merchants throughout Sarawak are already accepting Sarawak Pay. Almost all prominent supermarkets throughout Sarawak, like Everise, Everwin, H&L, LePaPa, Ta-Kiong, E-Mart, BS Supermarket, CS Market, Unaco and even Doremon in Sarikei and Hong Guan Mini Market in Kapit are accepting Sarawak Pay. Therefore, I would encourage everyone to go cashless and help us minimise contact with physical cash, whereby reducing the chances of COVID-19 virus transmissions. Furthermore, Sarawak Pay is giving cash backs for all your transactions.

For example, Ani's Laksa Sarawak at Kampung No.6 here in Kuching now accept Sarawak Pay. She also uses Sarawak Pay to buy ingredients for her Laksas at supermarkets nearby and receives cashbacks for her transactions.

So far, there are over 250,000 Sarawak Pay users and growing. I hope one day, all Sarawakians will go cashless.

However, the government does not forget those who are outside the internet coverage and may not have easy access to Sarawak Pay, especially those registered petty traders with FAMA and Department of Agriculture (DOA) in the rural areas, they will be given cash vouchers.

MEASURE 3: ABOLISHMENT OF 2% INTEREST RATES TO 0% FOR THREE AND A HALF YEARS UNDER MICRO CREDIT SCHEME

In addition, to ease the financial burden of Micro Enterprises, the Government will facilitate this sector in deriving the full benefits from all the assistances that have been announced.

Among the measure is to zerorise the 2% interest rate for three and a half years under existing Micro Credit Scheme by the Ministry of International Trade & Industry, Industrial Terminal & Entrepreneur Development Sarawak (MINTRED).

The Micro Credit Scheme is operated by Agro Bank Berhad and Sarawak Economic Development Corporation (SEDC) with a maximum loan size of RM50,000 at 0% interest rate for each enterprise. I hope our entrepreneurs would take opportunity of this scheme to apply through SEDC or AGROBANK counters. A total fund size made available for this measure amounted to **RM50 million** will cost Sarawak Government **RM3 million**.

MEASURE 4: WAIVE FOR RENTALS TO SMEs IN RETAIL SECTOR OPERATING ON PERMISES OWNED BY STATE GLCs

On 23 March 2020, I announced a discount of 50% for rental of markets and stalls particularly under the purview of the Local Authorities. Now the Government will waive rentals to SMEs in the retail sectors which are operating on premises owned by Government-Linked Companies (GLCs).

I would like to thank State GLCs such as SEDC, Land Custody Development Authority (LCDA) and Bintulu Development Authority (BDA) who have agreed to give waivers on their premises to SME tenants for a period of 6-months until September 2020.

On the same principle of burden sharing, I would also like to encourage owners of private premises throughout Sarawak, for example; the Spring, Vivacity, Merdeka Plaza, Aeon mall, Star Megamall, Delta Mall, Boulevard, Imperial, Majma Mall, Bintang Plaza and others to provide similar assistance to their tenants by reducing their rental rates considering that the government has given them 25% discounts on their assessments rates as well as 15% utility bills discounts on these commercial premises.

FINANCIAL IMPLICATION

Pakej Bantuan Sarawakku Sayang 2.0 will inject a total of **RM1.1 billion** of liquidity into Sarawak's economy and will drive domestic business activities. This involves the expenditure by Sarawak Government amounting **RM182.12 million**.

I wish to stress here that it is not necessary for the Sarawak Government to table an Additional Supply Bill for all the aid packages that have been announced. This is because the funds are already made available via the **Contingency Fund** as approved by the DUN in the 2020 budget.

CONCLUSION

Pakej Bantuan Sarawakku Sayang 2.0 is over and above assistance by GPS Government that was announced earlier on the 23rd March 2020 to help our SMEs, Micro Enterprises as well as hawkers and petty traders to sustain their businesses due to the impact of COVID-19 pandemic.

Today's Infrastructure Improvements Will Drive Tomorrow's Economy, for that, I wish to assure that all ongoing strategic infrastructure projects and initiatives in Sarawak that was approved such as State Water Supply grid, Coastal Roads and Bridges will continue the moment Movement Control Order (MCO) is lifted and I assure these strategic long term projects will strengthen and sustain our economic growth.

I would like to assure that the Sarawak Government will continue to be transparent in its spending and all actions taken are based on the provisions of the law and will continue a prudent financial practice and good fiscal discipline to ensure that the State's financial position remains strong and manageable.