

CARING ECONOMIC STIMULUS PACKAGE

“Less Than Expected, More Is Needed”

Wisma MAH, Ampang (27 March 2020) – At RM250 billion, the “Prihatin” or Caring Economic Stimulus Package does indeed sound impressive, but industries directly impacted by the outbreak of Covid-19 may need a little bit more. The extensive list of initiatives announced was very much focused on the people right at the end of the chain, with a series of cash handouts to ensure the wellbeing and livelihood of the people.

For the industries, particularly hospitality and tourism, the multi-level discount increases for electricity depending on consumption is much welcomed but the Federal Government is reminded again to ensure the same is being extended to Sabah and Sarawak, where energy is managed separately, not by Tenaga Nasional Berhad (TNB).

The announced payroll subsidy of RM600 per month for three months, for employees earning below RM4,000 a month, is needed but is below what the industry expected. The hotel industry in particular, had earlier proposed a minimum of RM1,000 per employee, or a minimum equivalent of 50% of employee’s monthly pay for a period of six months. This is in response to a much lower occupancy rate projected for the coming months looking the situation worldwide.

“We are looking at an average occupancy for Malaysia of nothing more than 25% in June, and that is if the Movement Control Order (MCO) ends on 14 April with the spread of Covid-19 under control,” explained Kamaruddin Baharin, President of the Malaysian Association of Hotels (MAH). Recovery is not expected till the third quarter with the industry putting hopes in the year end holidays to ease up on accumulated losses for the year.

According to MAH, as of now 2,041 employees of the industry had been laid off due to economic pressures and the extended MCO, while 9,773 are given unpaid leaves and another 5,054 taken pay cuts. This number is based on sampling size of 56,299 and is set to grow over the next few months.

State	Total Rooms (Sampling Size)	Occupancy	Occupancy	Occupancy	Forecast	Forecast	Forecast	Forecast
		Jan2020	Feb 2020	1-17 March 2020	18-31 March 2020	April 2020	May2020	June 2020
Johor	6,445	54%	41%	38%	15%	16%	18%	26%
Kedah	1,234	56%	46%	37%	21%	24%	21%	29%
Langkawi	3,675	74%	57%	39%	10%	14%	13%	14%
Kelantan	1,039	49%	53%	48%	18%	27%	29%	35%
Kuala Lumpur	32,261	60%	47%	33%	11%	17%	19%	25%
Melaka	3,875	41%	30%	23%	10%	23%	25%	31%
Negeri Sembilan	2,227	40%	29%	24%	10%	23%	22%	33%
Pahang	2,984	30%	25%	30%	9%	18%	17%	24%
Pulau Pinang	8,663	61%	49%	32%	6%	14%	16%	23%
Perak	3,464	44%	38%	28%	17%	18%	25%	29%
Sabah	6,771	68%	37%	25%	6%	10%	12%	16%
Sarawak	6,081	38%	39%	34%	12%	14%	20%	24%
Selangor	13,521	52%	45%	31%	9%	16%	18%	23%
Terengganu	1,893	36%	43%	44%	23%	29%	31%	41%
Total	94,133	55%	44%	32%	11%	16%	19%	25%

**MAH R&D Occupancy Survey*

Among others, MAH had also stressed on the call for banks to waive interests on top of the moratorium, and to reduce employers’ EPF contribution but both were not included. Instead,

employers are encouraged to consult EPF on restructuring, rescheduling or postponement of contributions from 15 April onward.

“We will need to work with what is given now, and we will continue to engage and update the Government on the situation on the ground, if the initiatives are helping or if hotels are still forced to close given such unprecedented economic pressures,” added Kamaruddin. He also cautioned that the world is still in a partial lockdown condition and there is no light at the end of the tunnel for tourism until a cure or vaccine is found.

State	Total Employees (Sampling Size)	PayCut	%ofEmp	Unpaid Leave	%ofEmp	LayOff	%ofEmp
Johor	3,215	108	3%	202	6%	72	2%
Kedah	692	0	0%	80	12%	0	0%
Langkawi	4,314	340	8%	902	21%	92	2%
Kelantan	560	76	14%	157	28%	0	0%
Kuala Lumpur	17,826	2,880	16%	3,641	20%	542	3%
Melaka	1,872	65	3%	191	10%	85	5%
Negeri Sembilan	1,452	0	0%	179	12%	130	9%
Pahang	1,464	0	0%	150	10%	231	16%
Pulau Pinang	5,549	240	4%	430	8%	84	2%
Perak	1,654	91	6%	595	36%	245	15%
Sabah	4,934	893	18%	1,075	22%	177	4%
Sarawak	3,488	175	5%	258	7%	92	3%
Selangor	7,981	134	2%	1,812	23%	238	3%
Terengganu	1,298	52	4%	101	8%	53	4%
Total	56,299	5,054	9%	9,773	17%	2,041	4%