

RM250b stimulus: Industries ask where is the aid to keep jobs?

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KUALA LUMPUR, March 28 — Industries greeted the RM250 billion stimulus unveiled by Prime Minister Tan Sri Muhyiddin Yassin yesterday with reservation, with most saying the package will do little to help struggling small businesses retain jobs.

The criticism came from sectors of the economy most hit by the Covid-19 pandemic — small and medium businesses (SMEs), which includes the tourism industry, who over the last few months has warned repeatedly that its workers were facing massive layoffs should help not arrive.

And after yesterday's announcement, industry representatives suggested it hasn't.

Employers suggested no incentive to prevent them from retrenching workers was made available apart from a RM600 wage subsidy for each worker employed by businesses whose profits have dropped by half.

“The wage subsidy is of not much help to employers due to the many conditions attached to it and the questionable position of foreign workers,” said Datuk Shamsuddin Bardan, president of the Malaysian Employers Federation (MEF).

“Goodies given under the second stimulus package will lighten the financial burden of those affected employees. We have to save employers to save jobs and save our national economy.”

The tourism sector gave a similar response. The Malaysian Association of Tour and Travel Agents (Matta), the majority of them small businesses, said the package “failed” to help with employment retention.

“We are thankful and fully appreciative that the rakyat, especially the hardcore poor, have been given a temporary lifeline,” Matta President Datuk Tan Kok Liang said in a statement.

“However, the package has failed to meet the needs of tourism enterprises, particularly SMEs and does not address the problem of staff retention,” he added.

“What will happen after the handouts are fully given out by May when employees find themselves out of a job because the businesses they used to work for have been forced to close shop?”

Muhyiddin unveiled the third round of stimulus worth RM250 billion that he dubbed “Prihatin”, meaning “care” in English, yesterday amid anticipation that workers and SMEs will top the priority list, as concern mounts of potential job losses caused by the Covid-19 economic fallout.

Under the package, SMEs will receive over RM10 billion in loan and tax payment freezes, credit and guarantees, which the prime minister said ensure small businesses receive financial support needed to ease cash flow.

The Perikatan Nasional administration also said it would subsidise RM600 in wages for badly affected companies to help them retain workers earning less than RM4,000 a month. The subsidy will be paid until June.

While businesses have welcomed the measures, many said it is not enough to stem the tide.

Warning that half the industry may soon collapse, SME Association president Datuk Michael Kang said adding credit for small businesses made little sense.

“The stimulus package is good for the rakyat, but not for businesses. They will collapse as there is nothing much that would benefit the SMEs,” The Star quoted him as saying.

“Why would SMEs take loans to pay salaries and rental when they don’t have any income to sustain their businesses?” He added.

“I received immediate response from the members, and they are all very unhappy.”