



March-May 2020

# SHEDA COMMUNIQUE

PPK 462/05/2015 (034189)

**Feature Article:**

## **Sarawak Property Market Review 2019**



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# Sarawak Property Market 2019

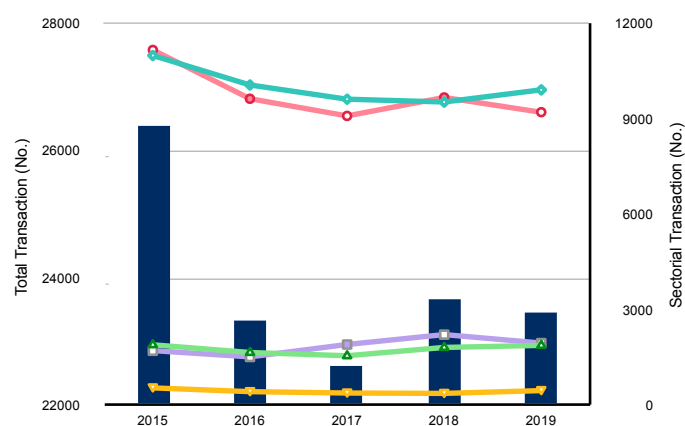
## Overview

### Number and Value of Property Transactions in Sarawak (2015-2019)

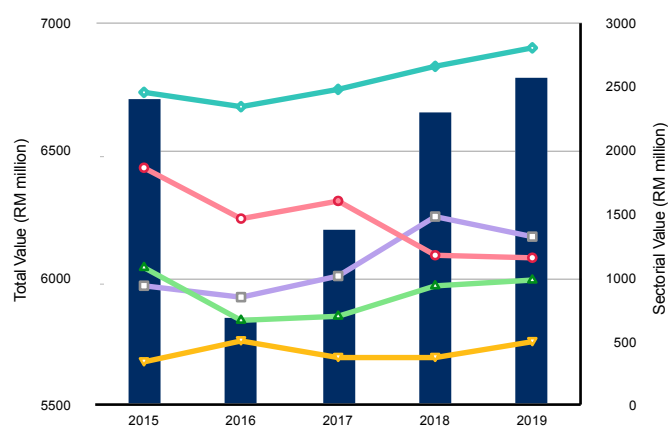
Based on National Property Information Centre (NAPIC) 2019 report, Sarawak property market performance stabled in the review period. The market activity recorded 23,465 transactions worth RM6.79 billion, a marginal decline of 0.8% in volume. Nevertheless, the value of transactions saw a marginal increase of 2.0% as compared to 2018 (23,662 transactions worth RM6.65 billion). Residential sub-sector remained the leading sub-sector, dominating 42.3% of the volume transactions, followed by the agriculture (39.3%), development land (8.4%), commercial (8.1%), and industrial (2.0%) sub-sectors.

Market activity was on upward trend in all sub-sectors except for development land (-12.0%) and agriculture (-4.8%). Industrial sub-sector expanded by 23.1%, followed by residential sub-sector 4.0% and commercial 3.5%. In term of value, all sub-sectors recorded upward trend except for agriculture and development land sub-sections which recorded otherwise.

**Number of Property Transactions in Sarawak (2015-2019)**



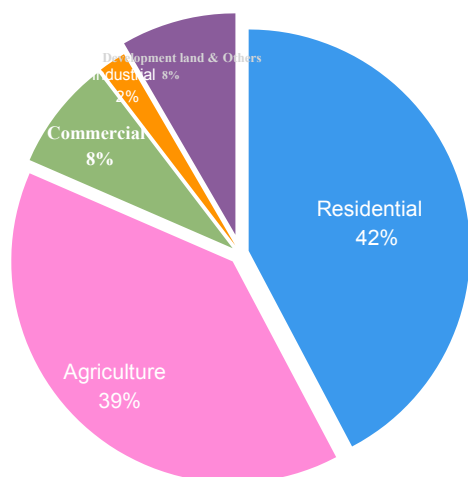
**Value of Property Transactions in Sarawak (2015-2019)**



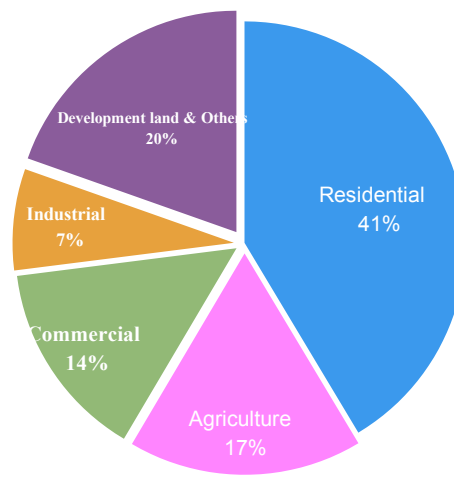
		2015	2016	2017	2018	2019
	Total No. of Transaction	26375	23347	22605	23662	23463
	Residential	10993	10068	9620	9532	9914
	Commercial	1914	1671	1567	1830	1894
	Industrial	560	440	398	385	474
	Agricultural	11170	9637	9098	9679	9214
	Development Land	1727	1530	1921	2233	1966

		2015	2016	2017	2018	2019
	Total Value of Transaction	6699.15	5848.59	6191.20	6651.42	6786.80
	Residential	2459.30	2346.61	2482.24	2663.18	2808.27
	Commercial	1084.61	670.53	702.74	941.01	986.41
	Industrial	344.55	509.19	378.73	378.73	502.95
	Agricultural	1867.38	1467.91	1606.76	1181.26	1161.19
	Development Land	941.71	852.05	1017.97	1484.84	1327.15

**Contribution to Transaction Volume by Sub-sector 2019**



**Contribution to Transaction Value by Sub-sector 2019**



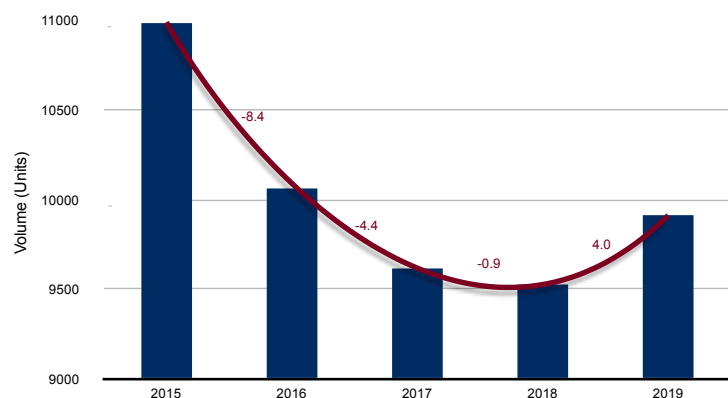
# Sarawak Property Market 2019

## Residential Property

### Volume and Value of Property Transactions (2015-2019)

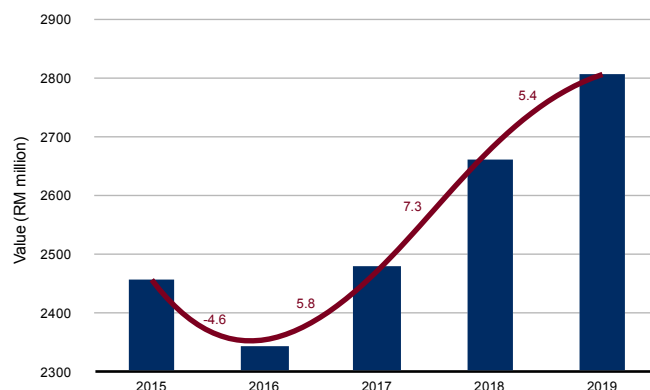
The residential sub-sector's market performance improved in the review period. There were 9,914 transactions worth RM2.81 billion, an increase of 4.0% and 5.4% in volume and value respectively in comparison to 2018 (9,532 transactions worth RM2.66 billion). Terraced houses dominated 45.7% of the total residential transactions.

**Volume of Residential Property Transactions 2015-2019**



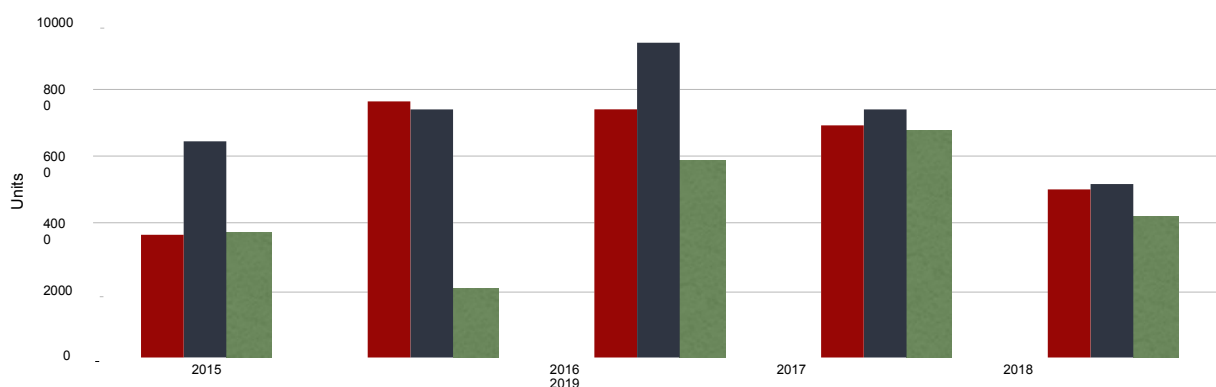
	2015	2016	2017	2018	2019
Volume of Residential Property Transaction	10993	10068	9620	9532	9914
% Change	-1.70	-8.40	-4.40	-0.90	4.00

**Value of Residential Property Transactions 2015-2019**



	2015	2016	2017	2018	2019
Value of Residential Property Transaction	2459.30	2346.61	2482.24	2663.18	2808.27
% Change	3.10	-4.60	5.80	7.30	5.40

### Residential Property Construction Activity Trend 2015-2019



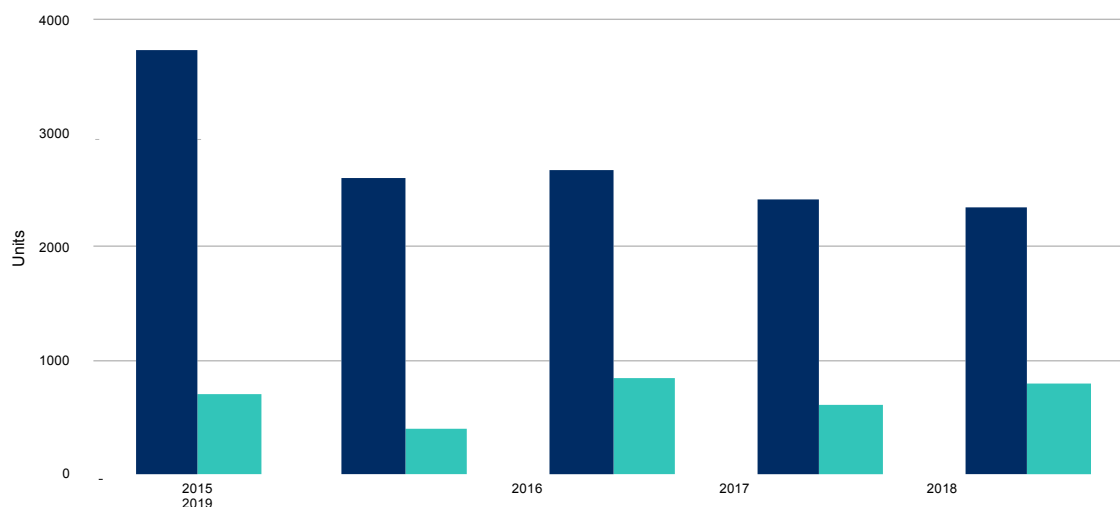
	2015	2016	2017	2018	2019
Completion	3672	7628	7402	6944	5019
Start	6442	7406	9394	7418	5211
New Planned Supply	3793	2062	5912	6770	4217

Construction activities recorded less active movement with 5,019 completed residential properties units, another 5,211 units in the incoming supply and 4,217 units in the planned supply.

# Sarawak Property Market 2019

## Residential Property

New Launches Trend (2015-2019)

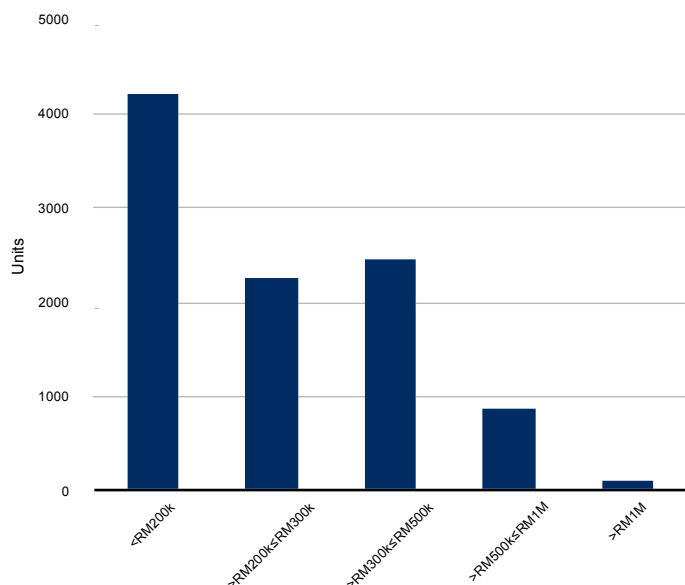


	2015	2016	2017	2018	2019
Unit Launches	3736	2599	2669	2429	2349
Sales Performance	695	392	851	612	789

The Primary market in 2019 decreased by 3.3% as compared to 2018.

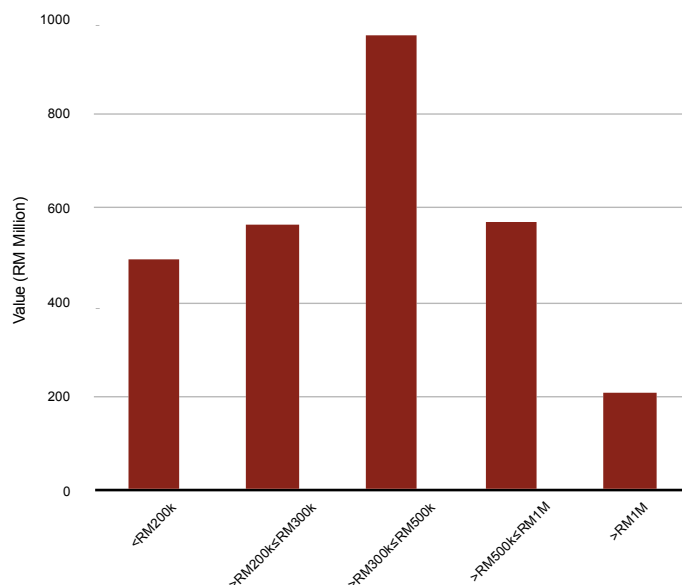
However, the overall sales performance was better in 2019 as compared to 2018. Most of these units were apartments/condominiums, dominating 36.6% (859 units) of the total.

Number of Residential Property Transaction by Price Range in Sarawak 2019



	<RM200k	>RM200k≤RM300k	>RM300k≤RM500k	>RM500k≤RM1M	>RM1M
Units	4204	2249	2454	881	126

Value of Residential Property Transaction by Price Range in Sarawak 2019



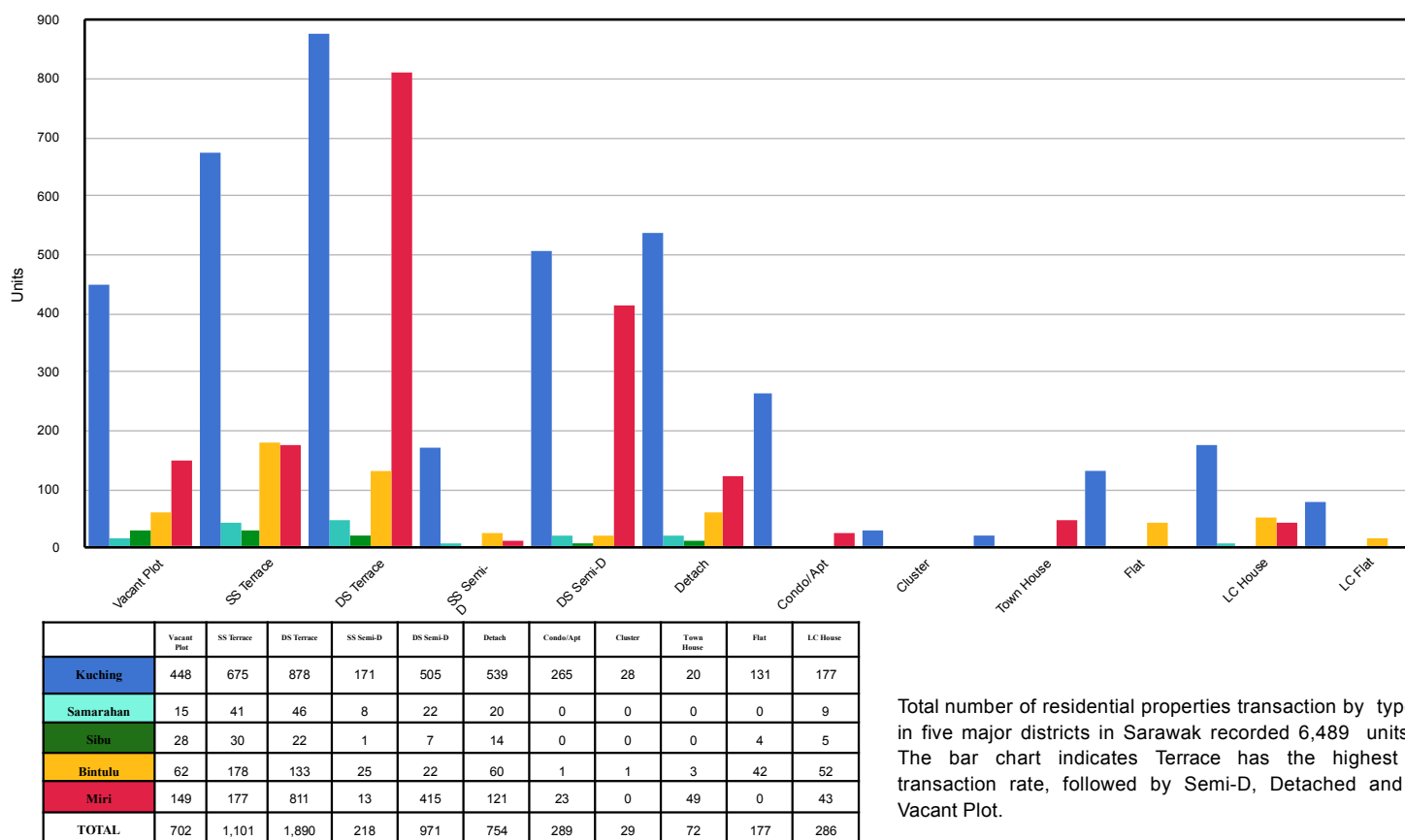
	<RM200k	>RM200k≤RM300k	>RM300k≤RM500k	>RM500k≤RM1M	>RM1M
RM Million	490.38	566.19	967.94	573.39	210.37

The above transaction bar chart illustrated that the lower price range has higher demand than higher price range as there are more buyers in B40 and M40 group. As for higher price range housing, developers are advised to be cautious in the supply to their targeted market because of limited demand.

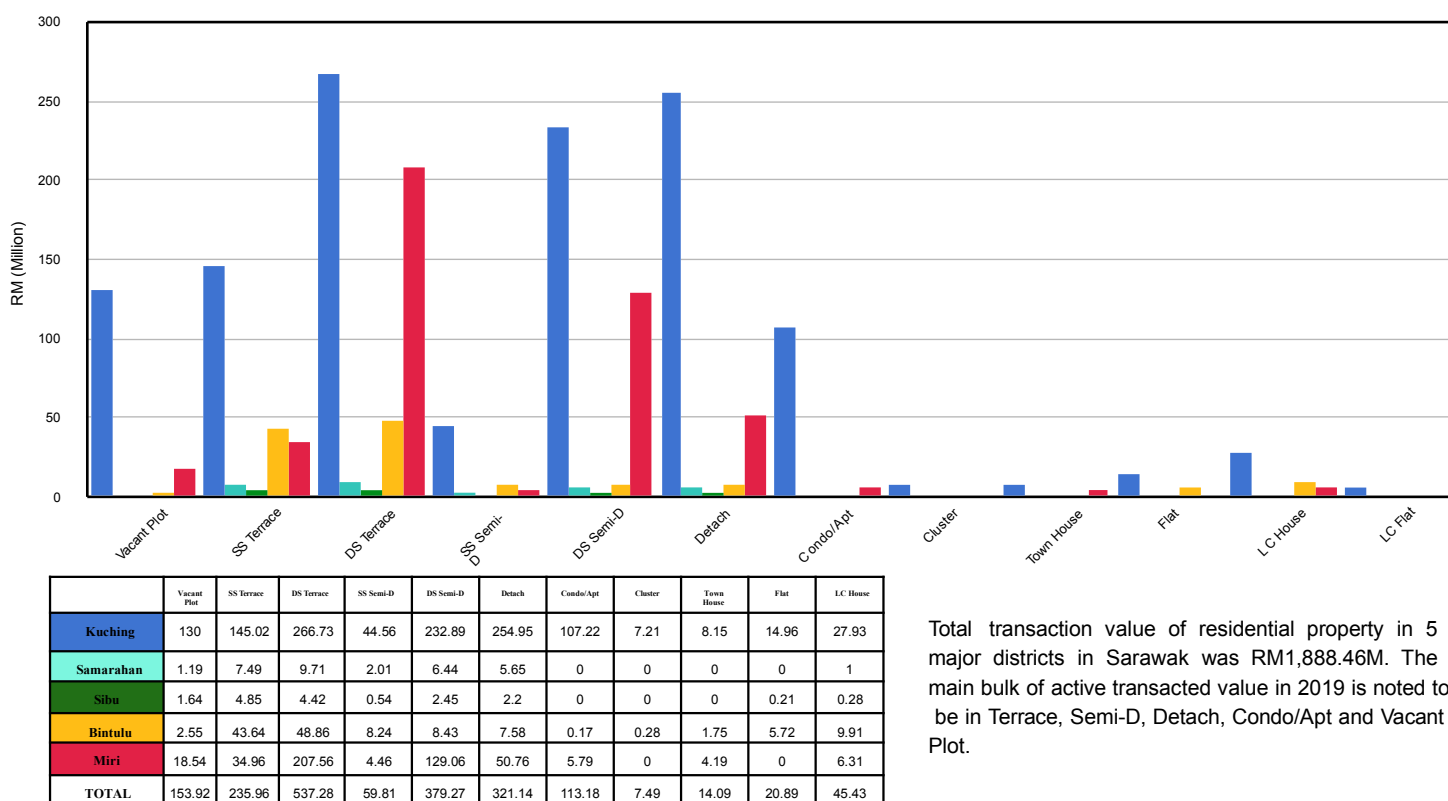
# Sarawak Property Market 2019

## Residential Property

**Number of Residential Transactions by Type and District in Sarawak 2019**



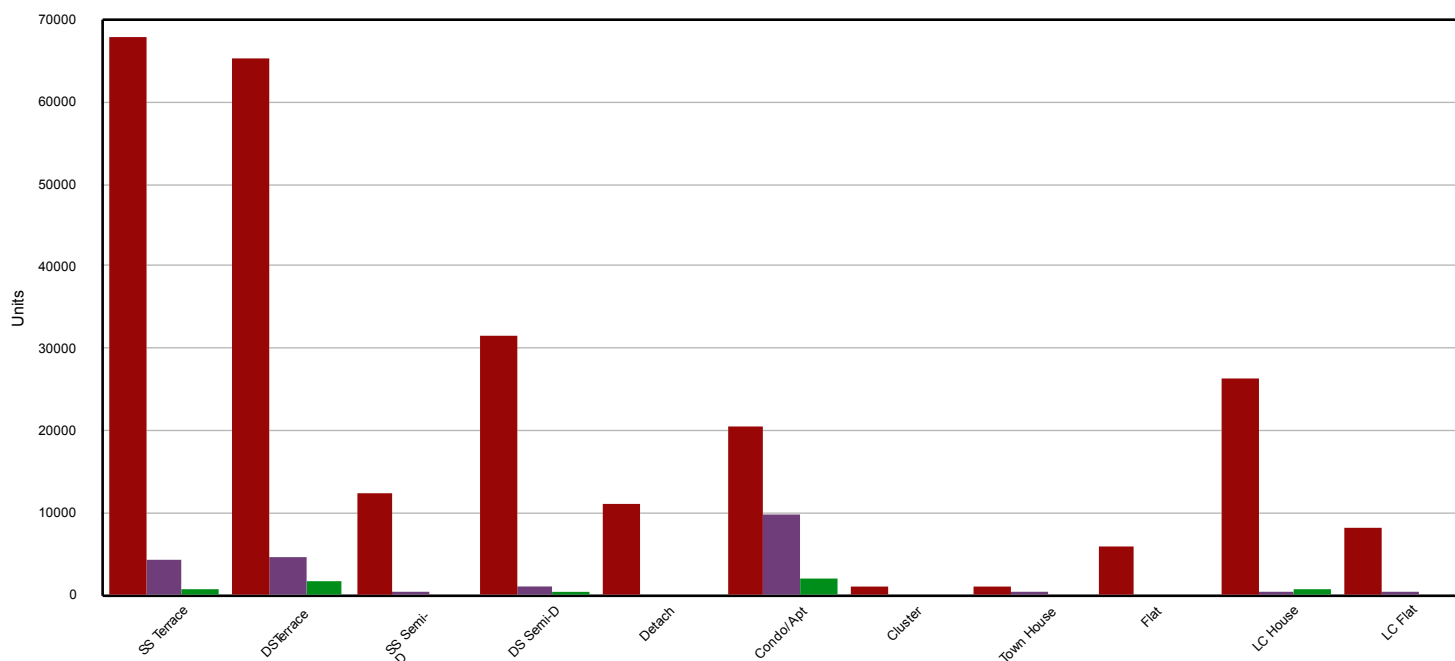
**Value of Residential Transactions by Type and District in Sarawak 2019**



# Sarawak Property Market 2019

## Residential Property

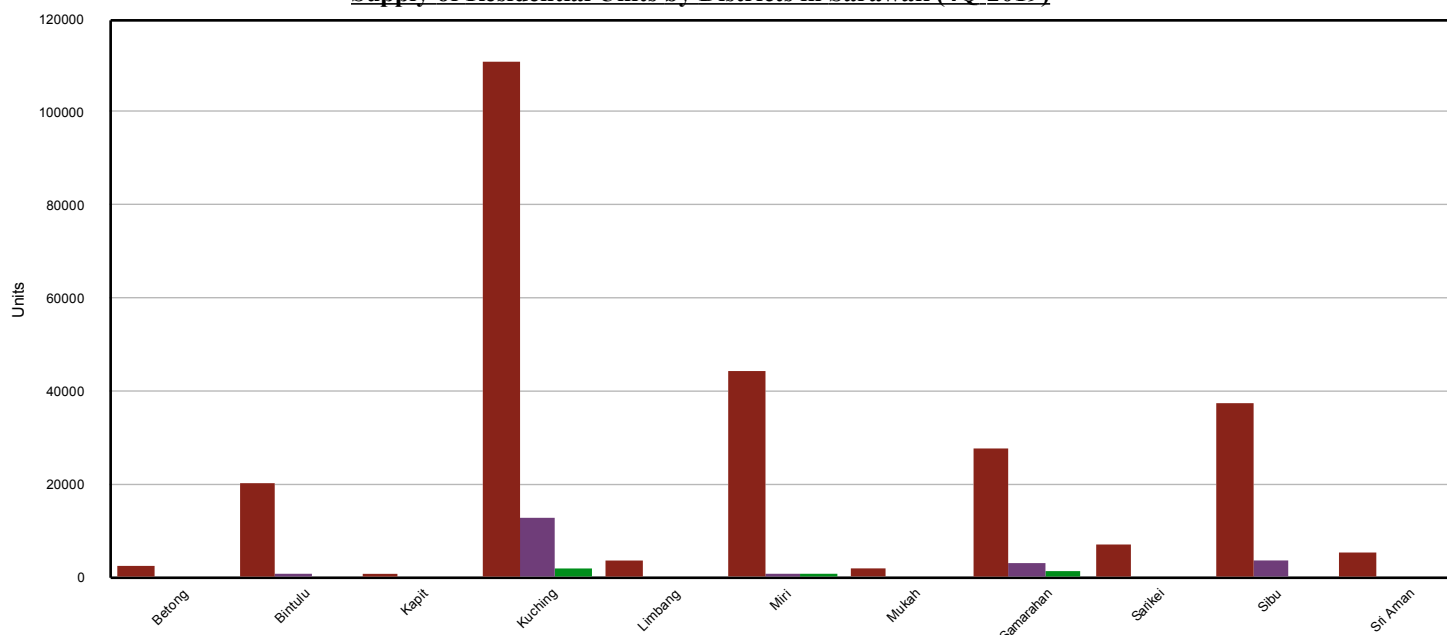
**Supply of Residential Units by Type in Sarawak (4Q 2019)**



The bar chart revealed that the top five popular housing type in 4Q 2019 were Terrace, Semi Detach, Low Cost House, Condominium/ Apartment and Detach.

Although LC Flat and Flat are in lesser demand, it is nevertheless an important component of the affordable market.

**Supply of Residential Units by Districts in Sarawak (4Q 2019)**



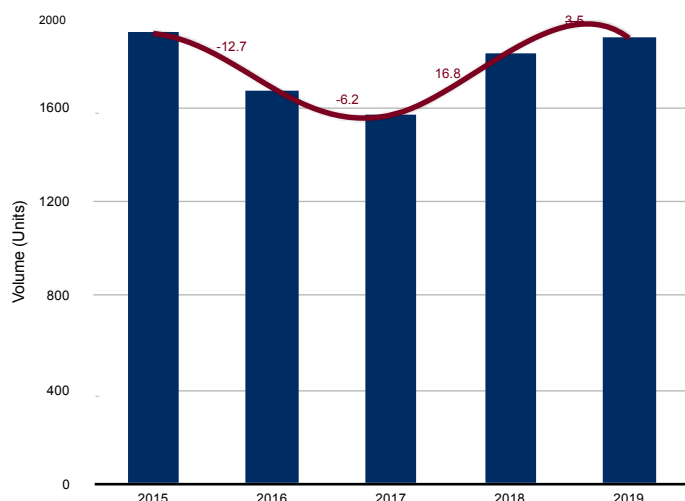
Kuching ranked having the most existing residential stock followed by Miri, Sibul, Samarahan and Bintulu. Kuching and Samarahan accounted for more than half (54.6%) of the existing residential stock in Sarawak.

# Sarawak Property Market 2019

## Commercial Property

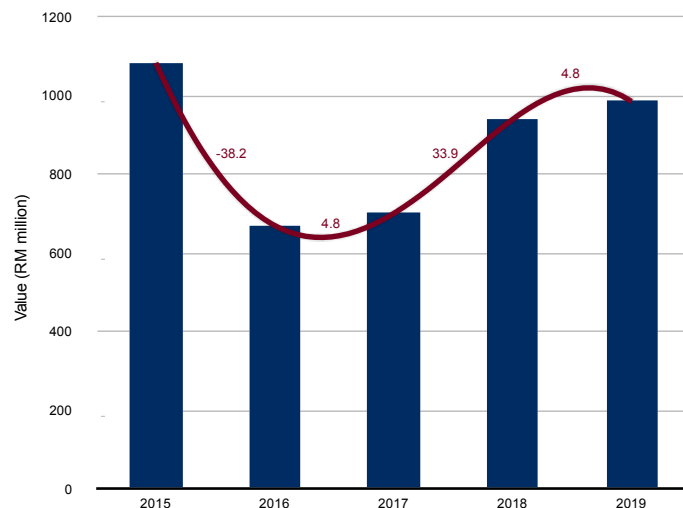
The commercial sub-sector recorded 1,894 transactions with a total value of RM986.41 million in 2019. This indicated a marginal increase of 3.5% and 4.8% in volume and value respectively as compared to 2018 (1,830 transactions worth RM941.01 million).

### Volume of Commercial Property Transaction 2015-2019



	2015	2016	2017	2018	2019
Volume	1914	1671	1567	1830	1894
% Change	-9.00	-12.70	-6.20	16.80	3.50

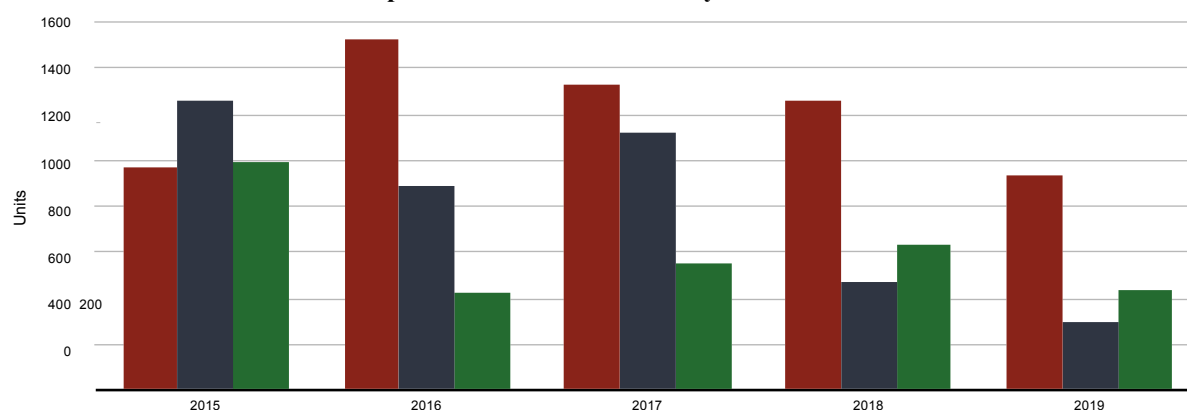
### Value of Commercial Property Transaction 2015-2019



	2015	2016	2017	2018	2019
Value (RM Million)	1084.61	670.53	702.74	941.01	986.41
% Change	33.10	-38.20	4.80	33.90	4.80

## Shophouse

### Shophouse Construction Activity Trend 2015-2019



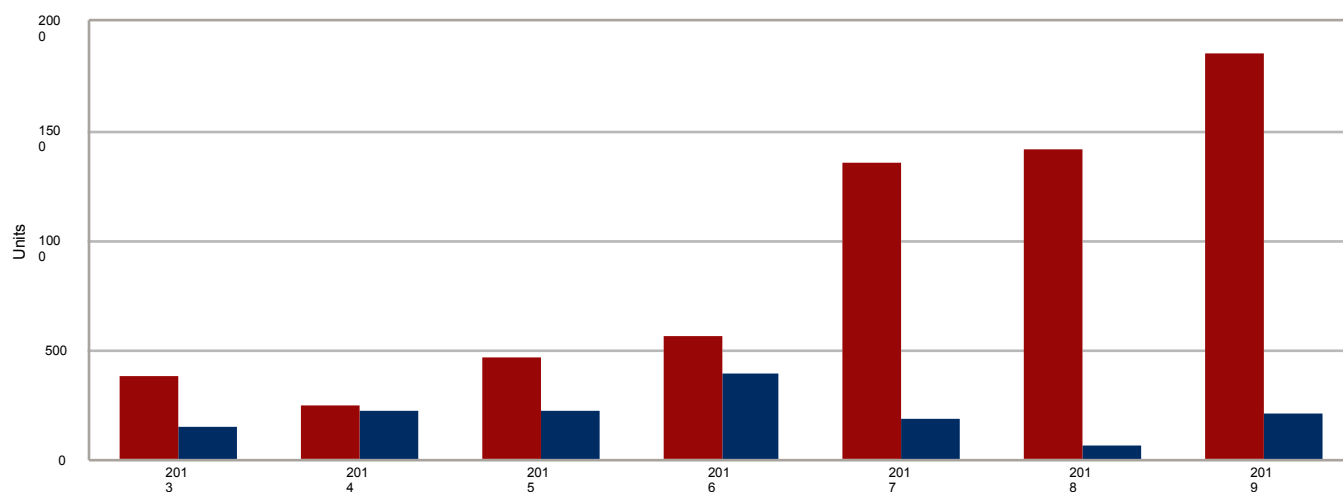
	2015	2016	2017	2018	2019
Completion	966	1524	1332	1256	931
Start	1259	886	1124	473	296
New Planned Supply	997	422	551	638	435

Construction activity continued to be slow indicated by the contraction in completion, start and new planned supply. As at end-2019, there were 34,822 units existing shop with another 1,768 units in the incoming supply and 2,448 units in the planned supply.



# Sarawak Property Market 2019

**Residential and Commercial Property Overhang 2013-2019 Sarawak**



	2013	2014	2015	2016	2017	2018	2019
Residential	388	253	475	570	1358	1412	1847
Commercial	155	230	232	397	193	74	216

Source: NAPIC Property Report 2019

NAPIC figures revealed that residential overhang in Sarawak has been on the increasing trend since 2013 from 388 units to 2075 units in 2019.

Overall overhang for 2019 has increased compared to 2018, due to slow take up rate of recent years. High property prices, stricter lending policies, volatile macroeconomic conditions and weak consumer sentiment are the key challenges for the property sector in 2019 specially to offload old stock.

On 23 May 2019, Sarawak government announced that the prescribed amount for foreign acquisition of landed residential property shall be not less than RM500,000 throughout the state of Sarawak except Kuching which shall be not less than RM600,000. SHEDA believes foreign buyers and investors may help to reduce the residential overhang.

## SARAWAK PROPERTY MARKET OUTLOOK 2020

More information on Sarawak Property Market Outlook 2020 could be obtained from the following websites:-

- [www.edgeprop.my](http://www.edgeprop.my)
- [kopiandproperty.com](http://kopiandproperty.com)
- [napic.jpgh.gov.my](http://napic.jpgh.gov.my)
- [www.propertyguru.com.my](http://www.propertyguru.com.my)
- [www.propertyhunter.com.my](http://www.propertyhunter.com.my)
- [www.propertyinsight.com.my](http://www.propertyinsight.com.my)
- [www.thedgemarketes.com](http://www.thedgemarketes.com)
- [www.wtvy.com](http://www.wtvy.com)

# Malaysia Key Economic and Financial Statistics

## MALAYSIA: 2020 SO FAR

- I. Government cut growth forecast to -2% to +0.5% for 2020.
- II. Growth in merchandise exports in first two months of 1Q was stronger than a year earlier.
- III. Malaysia's market movements were less volatile than regional peers.
- IV. Fiscal and monetary support has increased, including a 6-month loan payment moratorium for consumers and SMEs.

### WHAT'S NEXT IN 2Q:

- I. Economic fallout in 2Q is likely to be worse than 1Q due to greater restrictions on people movement to stem the pandemic and second round effects.
- II. Further stress in financial markets can't be ruled or should hopes for a brighter 2H fade.
- III. Ultimately, the outlook remains contingent on finding a virus remedy and, ahead of that, getting and keeping Covid-19 contained while preserving and restoring as much economic activity as possible.

### IV. BNM is likely to cut rates further in 2Q.

**The real GDP of Malaysia to decrease by -0.05% in 2020 in the event that the Coronavirus Pandemic worsens**

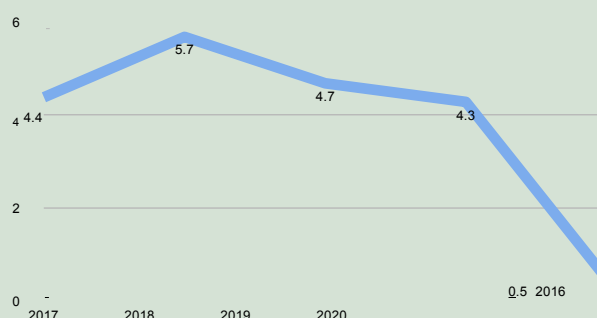
- V. The uploaded baseline forecasts indicate a 1.6% growth in real GDP in 2020, compared to -0.05% in 2020 in scenario forecasts in the event of a worsening pandemic.
- VI. The real GDP growth is expected to recover in 2021 in baseline forecasts (5.4%), whereas it is expected to recover in 2023 (4.8%) in the scenario forecasts.

## BNM's Fund for SMEs

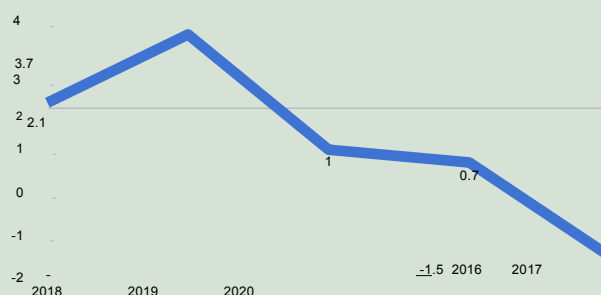
According to Bank Negara Malaysia Report, the Malaysia moderated sharply to 0.7% in the first quarter of 2020 (4Q 2019: 3.6%).

Since the Special Relief Facility (SRF) was made available on 6 March, the participating financial institutions (PFIs) and BNM have worked swiftly to implement the SRF, to ensure that SMEs benefit quickly. As at 4 May 2020, the PFIs have approved more than 20,000 applications amounting to about RM10 billion. Demand has been overwhelming, and as a result, the earlier announced RM5 billion SRF allocation has been quickly taken up that will directly benefit more than 9,000 SMEs across Malaysia, and preserve more than 200,000 jobs. In view of the strong demand, BNM has upsized the SRF by another RM5 billion to cater for all of the applications approved by PFIs as at 4 May bringing the total final allocation to RM10 billion. With the gradual lifting of the movement control order (MCO) and reopening of the economic sectors, SMEs can also avail themselves to the existing financing schemes offered by the Government, the financial institutions, as well as from the remaining allocation for BNM's Fund for SMEs. SMEs can also access financing options throughout the SME platform which helps to match financing needs with a variety of fund providers that cater to SMEs. In the first quarter of 2020, financial institutions have collectively disbursed RM 62 billion financing to SMEs, of which RM48 billion for working capital purposes.

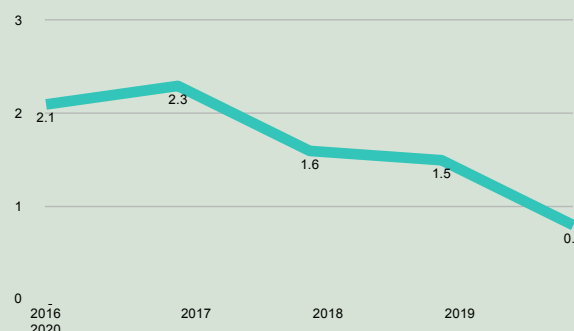
**Malaysia's GDP Growth (%)**



**Malaysia's Headline Inflation, Annual Change (%)**



**Malaysia's Core Inflation, Annual Change (%)**



# Malaysia Key Economic and Financial Statistics

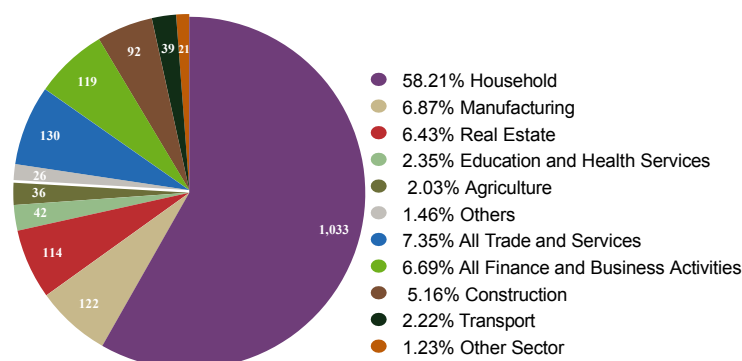
## Loan Application and Loan Approval for Purchase of Residential Property

- On the demand-side, the amount of loan application and total loan approval for the purchase of residential property in 2019 increased by 8.3% and 8.6% respectively.
- For the non-residential property, the amount of loan application and total loan approval increased by 0.6% and 4.0% respectively.
- The ratio of loans approval against loan applications for the purchase of residential property and non-residential property stood at 43.2% and 37.5% in 2019 versus 43.1% and 36.3% in 2018 respectively.

Purchase of Residential & Non-Residential Properties (RM Billion)										
	Loan Application		Loan Approval		% Change Loan Application		% Change Loan Approval		Ratio Approval/ Application (%)	
Year	Residential	Non-Residential	Residential	Non-Residential	Residential	Non-Residential	Residential	Non-Residential	Residential	Non-Residential
2011	186.79	99.32	95.16	52.23	12.20	24.40	13.00	31.70	50.90	52.60
2012	193.74	98.89	92.83	52.77	3.70	-0.40	-2.40	1.00	47.90	53.40
2013	245.90	119.23	121.00	51.36	26.90	20.60	30.30	-2.70	49.20	43.10
2014	223.85	103.39	121.09	50.94	-9.00	-13.30	0.10	-0.80	54.10	49.30
2015	206.03	90.98	103.41	38.41	-8.00	-12.00	-14.60	-24.60	50.20	42.20
2016	208.55	79.94	87.57	32.91	1.20	-12.10	-15.30	-14.30	42.00	41.20
2017	239.81	86.04	101.52	31.12	15.00	7.60	15.90	-5.40	42.30	36.20
2018	240.90	96.93	103.70	35.15	0.40	12.70	-4.70	4.60	43.10	36.30
2019	260.77	97.52	112.57	36.54	8.30	0.60	8.60	4.00	43.20	37.50

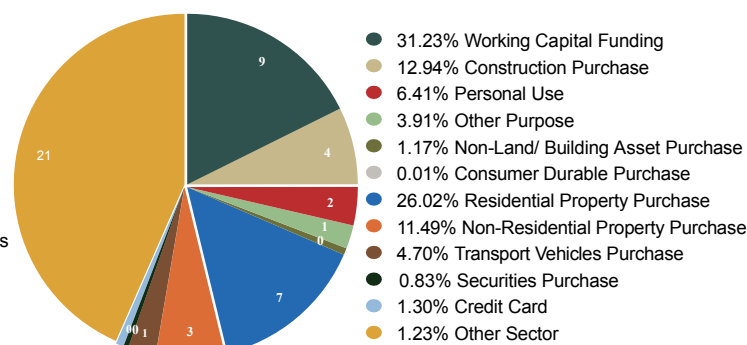
Source: BNM & Napic Property Report 2019

### Mortgages Dominate Malaysia's Bank Lending



Source: BNM & Bloomberg Intelligence

### Working Capital Drives Nonperforming Loans, RM bil



Source: BNM & Bloomberg Intelligence

# COVID-19 Pandemic- SHEDA's appeal to Sarawak and Federal Government

## SHEDA's appeal to Sarawak Government

SHEDA appealed to Chief Minister of Sarawak and Minister of Local Government and Housing Sarawak on 30 March 2020 urging Sarawak government to consider providing a timely, tangible and comprehensive financial assistance and reliefs for the members. These would be in the form of:



An employer who is faced with financial difficulty in paying full salaries may seek the consent of the employee(s) to pay reduced salaries, or reduced working hours or go for unpaid leave during the Covid-19 pandemic period to avoid the need for retrenchment. All these options must be made available to ensure sustainability and survivability of business.



To allow developers to temporarily utilised the fund available in the Housing Development Account (HDA).



To package a special pool of fund up to RM250 million for the entire industry in Sarawak to help those affected developers who are in dire need to complete projects under construction. Such soft loan could be repaid on completion of the projects.



To allow special covenants on the obligation for the developers to pay the Liquidated Ascertained Damages (LAD) for the period of delay.



To extend payment of conversion premium period upon completion of project.



To allow developers who are in the midst of building their properties to extend their completion dates up to a minimum of 9-12 months.



Lowering of and standardising of minimum price for foreign buyers in Sarawak instead of capping at Foreigner Ownership of RM 550,000.

# COVID-19 Pandemic- SHEDA's appeal to Sarawak and Federal Government

## SHEDA's appeal to Federal Government

SHEDA wrote to YM Tengku Dato' Sri Zafrul Tengku Abdul Aziz, Minister of Finance and YB Puan Hajah Zuraida binti Kamaruddin, Minister of Housing and Local Government on 31 March 2020 to consider the financial hardship that Sarawak developers faced during the Covid-19 pandemic.

### (A) Cashflow and Business Sustainability

To alleviate cash flow problems and keep businesses running, SHEDA appealed to the MoF to:-

1. reimburse immediately all outstanding GST refunds owing to the company to improve cash flow
2. be more open and flexible with the Wage Subsidy Programme and allow:
  - \* all employers with no pre-qualifying conditions to be on the scheme automatically.
  - \* direct bank-in of the wage subsidy for each employee to the employer's account and be backdated to 1st March 2020.
  - \* an employer who is faced with financial difficulty in paying full salaries may seek the consent of the employee(s) to pay reduced salaries, or reduced working hours or go for unpaid leave during the Covid-19 pandemic period to avoid the need of retrenchment.

### (B) Property Sales and Overhang

1. continue with Home Ownership Campaign (HOC) and extend the HOC period till 31st December 2021 instead of ending the Campaign at 31st December 2019
2. review and zeroised Real Property Gains Tax (RPGT)
3. review the loan-to-value (LTV) ratio cap for third home purchase
4. uplifting of tight lending guidelines and speedier loan approvals by banks such as extending the loan tenure beyond 35 years and gross income to be use for loan approval calculations instead of net income
5. waiver of stamp duties for all real estate properties transactions conveying with financial institutions.

### (C) Open Economy

1. pushing for a moratorium on 6 months deferment instalment payment for developers' loans taken to develop residential, commercial and industrial buildings;
2. pushing for an enhanced moratorium on loan instalments for house buyers as well as those servicing loans taken to finance purchase of commercial or/and residential properties, including those properties purchased that are still under construction;
3. waiver of interest charges by the banks (compound and normal interests) as there is already a deferment of loan payments;
4. lowering of and standardising of minimum price for foreign buyers in the country instead of capping at Foreigner Ownership of RM1 million for Peninsular Malaysia and RM550,000 for Sarawak;
5. temporary waiver of certain statutory requirements so that the developers can sell cheaper to suit a downward market;
6. waiver of tax (corporate and personal) and mandatory statutory contributions (EPF, SOSCO, HRDF, etc) for the 2019 fiscal years instead of deferment;
7. to package a special one-off loan of RM2 million to developers to complete projects under construction and repayment to be made after completion of projects
8. to package a special soft grant of RM100,000 for all property development associated SMEs and small businesses; and
9. deferment of tax estimate submission base on Form CP204 for the year 2020 and 2021 in order to alleviate cashflow constraints.

# COVID-19 Pandemic- Special Incentive Package

## Sarawak Government- Bantuan Khas Sarawakku Sayang (BKSS)

### BKSS 1.0

BKSS was announced by Sarawak Chief Minister, Datuk Patinggi Abang Johari Abang Openg on 23 March 2020 to help the people in Sarawak to face the economic uncertainties brought about by the COVID-19 outbreak and restrictions during the MCO. . BKSS 1.0 involves a total of RM1,154.54 million injection to our economy. This involves direct expenditure by the Sarawak Government of RM 974.75 million to mitigate the impact of economic slowdown and reduce the burden of Sarawakians. This is further supplemented by deferment of loan repayment, waiver of payments and discount of Sarawak Government basic services of RM 179.79 million for the year 2020.

#### Measure 1: Electricity Bill Discount

Domestic, Commercial and Industrial consumers will be given discount of 5% to 25% on their monthly electricity bill for April until September 2020.

Customer Categories	Discounts	Total Subsidies (RM Million)
Domestic	25%	84.6
Commercial	15%	64.2
Industrial	5%-10%	18
<b>TOTAL SUBSIDIES (RM Million)</b>		166.8

#### Measure 2: Water Bill Discount

Domestic, Commercial and Industrial consumers will be given discount of 10% to 25% on their monthly electricity bill for April until September 2020.

Customer Categories	Discounts	Total Subsidies (RM Million)
Domestic (HH with existing RM 5 subsidy)	25%	14.34
Domestic/ Commercial	15%	3.48
Commercial	10%	6.12
Industrial	5%	1.32
<b>TOTAL SUBSIDIES (RM Million)</b>		25.26

#### Measure 3: Bantuan Khas Sarawakku Sayang

- ✦ These B40 group will be provided a monthly cash pay-out of RM250 for 6 months.

#### Measure 4: Discount for Rental of Market and Stalls

- ✦ Discount of 50% of rental of market and stalls covering a period of six (6) months up to September 2020.
- ✦ Assistance expected to benefit more than 10,000 hawkers renting the market and stalls particularly under the purview of the Local Councils.

#### Measure 5: Waiver of Permits and Licenses Fees

- ✦ Sarawak Government provides waiver of permits and license fees to traders, hawkers, night market traders, Tamu and bazaar Ramadhan operations.
- ✦ The Waiver will benefit over 2 million permits and licensed holders in the various local authorities throughout Sarawak.



# COVID-19 Pandemic- Special Incentive Package

## Sarawak Government- Bantuan Khas Sarawakku Sayang (BKSS)

### BKSS 1.0

#### Measure 6: Special Monthly Incentives for Front-line Personnel involved in COVID-19

Sarawak Government will provide special monthly incentives for 6 months to front-liners who are directly exposed to coronavirus risk while performing their duty in managing the outbreak in Sarawak .

Front-liners Categories	Monthly Incentives (RM)	No of Personnel	Subsidies (RM Million)
Medical Doctors & Medical Personnel	300	6,232	11.22
Immigration Staffs	200	535	0.64
PDRM & Bilik Gerakan Negeri	200	3,395	4.07
ATM	200	590	0.71
RELA Personnel	200	590	0.20
<b>TOTAL</b>		<b>11,342</b>	<b>17.35</b>

#### Measure 7: 30% Discount for Land Rent

30% discounts for payments of land rents to all land uses for the year 2020. These measures will benefit 52,403 commercials, industrial, residential, large scale plantations and other public facilities which cost Sarawak government RM11.84 million.

Land Use	Land Rent
Agriculture (Large Scale)	1.34
Commercial	2.56
Industrial	3.97
Others	3.96
<b>TOTAL</b>	<b>11.84</b>



#### Measure 8: Deferment of Loan Repayment for SKIM PINJAMAN INDUSTRI KECIL DAN SEDERHANA (SPIKS)

- ✦ Ease SMEs cash flow and lessen their financial burden. Sarawak Government decided to defer the loan repayment for 9 months effective from April 2020.
- ✦ Benefit 144 outstanding borrowers of Skim Pinjaman Industri Kecil dan Sederhana (SPIKS)

#### Measure 9: Food for all front-liners during MCO

- ✦ Providing dedicated supports of food supplies to physicians and practices on the front lines of testing, diagnosing and treating patients at risk of COVID-19.
- ✦ Costs include purchase of food supplies.

#### Measure 10: HDC Rental Discount of 50% for 6-months

- ✦ Discount 50% rental of HDC houses rental scheme covering a period of six (6) months up to September 2020.

#### Measure 11: Additional RM20 Million Micro-credit schemes for all SMEs

- ✦ Sarawak Government will offer additional RM20.0 million for SMEs to expand their business and to sustain their businesses.



# COVID-19 Pandemic- Special Incentive Package

## Sarawak Government- Bantuan Khas Sarawakku Sayang (BKSS)

### BKSS 1.0

#### Measure 12: Deferment of Land Premiums

One-off Deferment payment for land premium for the year 2020 will benefit 1,721 stakeholders across Sarawak, which includes Agriculture, residential, commercial and industrial units as well as private and public institutions.

Land Use	Land Rent (RM Million)
Agriculture (Large Scale)	12.5
Agriculture (<100 acre)	1.5
Residential	13.4
Commercial	13.5
Industrial	82.8
Others	42.5
<b>TOTAL</b>	<b>166.3</b>

#### Measure 13: 25% Discount on Assessment Rate

- ❖ Discount of 25% on annual assessment rate above RM400 threshold will be given to residential, commercial, industrial and special purpose holdings for the year 2020.
- ❖ This measure will benefit more than 185,000 premises.

#### Measure 14: Waiver of Hotel License Fees for Licensed Hotels and Lodging Houses

- ❖ A one-off waiver for Hotel licensing fees for 17,289 Hotel Rooms throughout Sarawak for the year 2020.
- ❖ The incentive will benefit over 340 Hoteliers and lodging house.

#### Measure 15 Free Face Mask

- ❖ Sarawak Government have placed an order of 2 million pieces face masks to be distributed free to Sarawakians through the State Disaster Management Committee.

#### Measure 16: Urgent Hospital Needs and Personal Protection Equipments (PPE)

- ❖ Providing dedicated supports to physicians and practices on the front lines of testing, diagnosing, and treating patients at risk of COVID-19.
- ❖ Costs include acquiring personal protective equipment (PPE) and other supplies.





# COVID-19 Pandemic- Special Incentive Package

## Sarawak Government- Bantuan Khas Sarawakku Sayang (BKSS)

### **BKSS 2.0**

Chief Minister of Sarawak announced the State government's a second financial aid package, the Sarawakku Sayang Assistance Package 2.0 was announced on 10 April 2020. Valued at RM1.1 billion, the measures under the package are as follows:-

#### Measure 1: Interest Free Soft Loan for SMEs

- ❖ In collaboration with Maybank Bank, Hong Leong Bank and RHB Bank, under the Bank Negara Malaysia (BNM) Special Relief Fund (SRF), Sarawak Government to absorb the interest costs due to release to over 40,000 SMEs. The interest free loans of RM1.0 billion will be made available for SMEs.
- ❖ The financial implication for the interest rates subsidy over the three and a half years is RM80.7 million. SMEs need to apply for the loans directly from any branches of the three banks. 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:
  1. Working capital in respect to salary payment;
  2. Interest free loan amount from RM20,000 to RM500,000;
  3. No collateral required;
  4. Sole proprietorship, partnership and Sdn Bhd; and
  5. 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 and Industry, Industrial Terminal and Entrepreneur Development Sarawak (MINTRED).
- ❖ The loan amount is to be based on total staff salary for 6 months.

#### Measure 2: Special Grant of RM1,500 to Hawkers and Petty Traders through Sarawak Pay

- ❖ 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 in RM98.4 million.
- ❖ For those hawkers and petty traders who are eligible to received assistance but have no Sarawak Pay account, can download the app from Apple Store or Google Play Store and apply online.
- ❖ Those who are outside 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, will be given cash vouchers.



#### Measure 3: Abolishment of 2% interest rates to 0% for three and a half years under Micro Credit Scheme

- ❖ Abolishing the 2% interest rate for three and a half years under existing MINTRED. The Micro Credit Scheme is operated by Agro Bank Bread and Sarawak Economic Development Corporation (SEDC) with a maximum loan size of RM50,000 at 0% interest rate for each enterprise.

#### Measure 4: Waiver for rentals to SMEs in retail sector operating on premises owned by State GLCs

- ❖ The State Government will waive rentals to SMEs in the retail sectors which are operating premises owned by Government- Linked Companies (GLCs).
- ❖ Sarawak Chief Minister urged owners of private premises throughout Sarawak 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.

# COVID-19 Pandemic- Special Incentive Package

## Sarawak Government- Bantuan Khas Sarawakku Sayang (BKSS)

### **BKSS 3.0**

Chief Minister of Sarawak announced the Bantuan Khas Sarawakku Sayang 3.0 (BKSS 3.0) aid package valued at RM300 million, comprising seven measures involving more special allowances, incentives and grants for Sarawakians.

#### Measure 1: Incentives for B40 households

- ✦ The first measure involves incentives for heads of B40 households, and single Sarawakians aged 21 years and above with a monthly income of RM2,000 and below.
- ✦ Involving cost of RM234 million, Abang Johari said this incentive would be distributed following feedback received by Sarawak government that many heads of households were left out from BKSS 1.0/
- ✦ Sarawak government will allocate RM1,500 cash aid to about 30,000 heads of households who were not listed under BKSS1.0.
- ✦ One-off payment of RM500 each to 377,806 singles with an income below RM2,000 per month.

#### Measure 2: Special grant for petty traders and hawkers

- ✦ Involves a RM750 special grant for petty traders and hawkers registered under local councils through Sarawak Pay.
- ✦ This special grant is an addition to the RM1,500 cash assistance under BKSS2.0 paid in two stages in May and July.
- ✦ With this additional amount, every hawker and petty trader will receive a total RM2,350 through this Special Grant.

#### Measure 3: RM200 special monthly allowance

- ✦ The third measures involves a RM200 special monthly allowance for a period of six months for personnel from the Malaysian Royal Custom, Local Councils, Fire and Rescue Department (Bomba) and Civil Defence Force (APM).
- ✦ The Sarawak government will spend RM3.2 million to pay this Special Monthly Allowance.

#### Measure 4: RM500 one-off cash aid

- ✦ The fourth measure is a RM500 one-off cash aid to owners and operators of "penambang" (boats) registered under Sarawak Rivers Board (SRB).
- ✦ This will involve an expenditure of RM99,500.

#### Measure 5: RM600 one-off cash aid

- ✦ The fifth measure involves a one-off cash aid of RM600 to 959 operators of van penumpang, 1,976 taxi drivers and 739 operators of school buses and vans whom are registered in Sarawak.
- ✦ This assistance involves an expenditure of RM2.2 million

#### Measure 6: One-off cash aid for van penumpang

- ✦ The sixth measure involves special grants to registered tour guides and national park guides who are now affected by the cancellation of trips by tourists and the lack of need for their services in the coming six months.
- ✦ Government will allocate a one-off RM1,500 cash assistance to the 145 registered tour guides and national park guides in the state.
- ✦ This will involve an expenditure of RM387,000.

#### Measure 7: Mobile bank branch service

- ✦ This involve an allocation of RM1.6 million as capital expenses for Bank Simpanan Nasional to conduct Mobile Bank Branch Services in rural areas of Sarawak.



# COVID-19 Pandemic- Special Incentive Package

## Malaysia Relief Measures- PRIHATIN Package for SMEs

Total PRIHATIN Economic Stimulus Package (as at 6 April 2020) = RM260 billion



RM 20 billion

Unveiled first stimulus package to support economy in February, Prime Minister pledged to expedite infrastructure projects such as ECRL, MRT2 and NFCP, aid for workers on unpaid leave, cash handout for low and middle income residents.



RM 230 billion

Second PRIHATIN stimulus package comes just after a month the first was released. B40 and M40 income group total stimulus package at RM96 billion, SMEs at RM54 billion, economic activities and others at RM80 billion.

**SME:** Provision of stimulus in the form of wage subsidies, SME financing, loan moratorium.

**Public:** Assistance through the form of cash handouts, loan moratorium and food security fund to low and middle income households.



RM 10 billion

Additional support to PRIHATIN package of RM10 billion to lessen financial burden of SME. Enhanced wage subsidy scheme to ensure workers in the country remain employed, which cost RM7.9 billion.

Government to provide special grant worth RM3,000 for each micro businesses that amounts to RM2.1 billion.

The PRIHATIN package involves RM250 billion injection into the economy from the following sources:

Fund	RM million
<b>Federal Government</b>	
Bantuan Prihatin Nasional	10,000
Wage Subsidy	5,900
Small Infrastructure Projects	2,000
Healthcare (COVID-19)	1,500
Food Security Fund	1,000
Micro Credit Scheme	500
Assistance for Tertiary Student	270
Others	630
Economic Stimulus Package	3,200
	<b>25,000</b>
<b>Public and Private Institution</b>	
Loan Moratorium	100,000
Danajamin: Financing Guarantee	50,000
EPF: i-Lestari Scheme	40,000
EPF: Employer Advisory	10,000
BNM: Facilitation Fund	4,000
Others	4,500
Economic Stimulus Package	16,500
	<b>225,000</b>
<b>TOTAL</b>	<b>250,000</b>

### Additional Measures

#### Total Package: RM 10 Billion

##### I. Additional Wage Subsidy: RM7.9 billion.

- ✦ Total amount announced to date is **RM13.8 billion** (including RM5.9 billion announced under the Prihatin Rakyat Economic Stimulus Package on March 27.
- ✦ Companies with more than 200 workers, to get **RM600** per local worker.
- ✦ Companies with between 76-200 workers to get **RM800** per local workers.
- ✦ Companies with up to 75 workers will get **RM1,200** per local worker.
- ✦ The **subsidy will be for three months**.

- ✦ The assistance is for employers registered with the Companies Commission of Malaysia (SSM) or local authorities before Jan 1, and the Social Security Organisation.

- ✦ Initiative to benefit **4.8 million workers**.

- ✦ Companies participating **cannot lay off workers for six months**.

##### II. PRIHATIN Special Grant: RM2.1 billion

- ✦ **RM3,000** worth of special grants to benefit **700,000** micro enterprises, including pasar madam operators and traders.

##### LOAN INTEREST RATE ABOLISHMENT

- ✦ **Two per cent** interest rate for the **RM500 million** Micro Credit Scheme under Bank Simpanan Nasional abolished.
- ✦ **Four per cent** interest rate for the **RM200 million** under the National Entrepreneur Group Economic Fund (Tekun Nasional) abolished.

##### LEVY FOR FOREIGN WORKERS

- ✦ **25 percent** discount on levies for foreign workers, **except maids**, whose permits will expire between April and December this year.

##### TAX DEDUCTIONS FOR LANDLORDS OF PRIVATE PREMISES

- ✦ For landlords of private premises for reducing rental to small and medium sized enterprises by at least 30 per cent during the MCO and three months after.

##### SUBMISSION OF STATUTORY DOCUMENTS

- ✦ Companies are given an automatic **30-day moratorium** from the final day of the MCO to submit statutory declarations.
- ✦ The filing of companies' financial statements has been **extended for three months** from the last day of the MCO.

##### INDUSTRIAL RELATIONS

- ✦ Negotiations encouraged between employers and employees on the terms of employment, including the option for salary deductions and unpaid leave during the Movement Control Order.

# MAJOR PAST EVENTS

9 MARCH 2020



SHEDA President and Secretary-General visited YB Datuk Sri Prof Dr Sim Kui Hian, Minister for Local Government and Housing Sarawak to discuss the housing and land issues faced by SHEDA members, alternative financing for affordable houses built by private sector and SHEDA's roles in promoting Sarawak-Malaysia My Second Home (S-MM2H)

9 MARCH 2020



Courtesy Visit to the Consulate General of Brunei Darussalam, Kuching, Pengiran Hajah Krtini binti Pengiran Haji Tahir and her Vice Consul, Tuan Muhammad Ghazalle Abd Latif to explore and better understanding of the housing and real estate development needs in Brunei.

10 MARCH  
2020



The Sarawak Multimedia Authority (SMA) has commissioned Huawei as their appointed consultant to develop Kuching Smart City Masterplan. A round-table discussion was held between SHEDA and representatives of SMA to deliberate and give feedbacks on the initiatives of the Kuching Smart City Masterplan.

27 MARCH  
2020



SHEDA donated RM100,000 to the State Disaster Relief Fund in support of the State Government's multi pronged initiatives. The cash contribution was SHEDA's corporate social responsibility initiatives, specially to help the front liners, in specific the Sarawak medical teams as they battle the spread and fight against the Covid-19.

The cash contribution comprised RM 65,000 from SHEDA State, RM20,000 from its Kuching Branch and RM5,000 each from Sibu, Bintulu and Miri branches.