

FOCUS ON RAKYAT-CENTRIC PROJECTS

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TOUGH ECONOMY:
Govt sure it can achieve 4 to 5pc GDP growth

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THE government is optimistic that it can achieve the targeted four to five per cent growth in gross domestic product (GDP) and three per cent fiscal deficit, as outlined in the 2017 Budget, despite the sluggish global economy.

Deputy Finance Minister Datuk Othman Aziz said despite the increasingly challenging external environment, the Malaysian economy was expected to grow at this rate due to the country's strong economic fundamentals.

These fundamentals include having adequate foreign reserves, strong financial system, stable employment rate and manageable inflation, all of which support domestic growth.

"At the same time, public sector spending will continue to support economic growth, coupled with the government's commitment to achieving fiscal consolidation to obtain a balanced budget," he told the New Straits Times Press in an interview here recently.

While tabling the budget in October, Prime Minister Datuk Seri Najib Razak said Malaysia's GDP was expected to grow between four and five per cent next year.

Najib said the government expected its revenue collection to grow by three per cent to RM219.7 billion next year.

"The government was committed to implementing the best budget through prudent spending despite the uncertain global economy.

Najib said despite the sluggish global economy, Malaysia's economy grew at a stable and sustainable rate during the first half of this year.

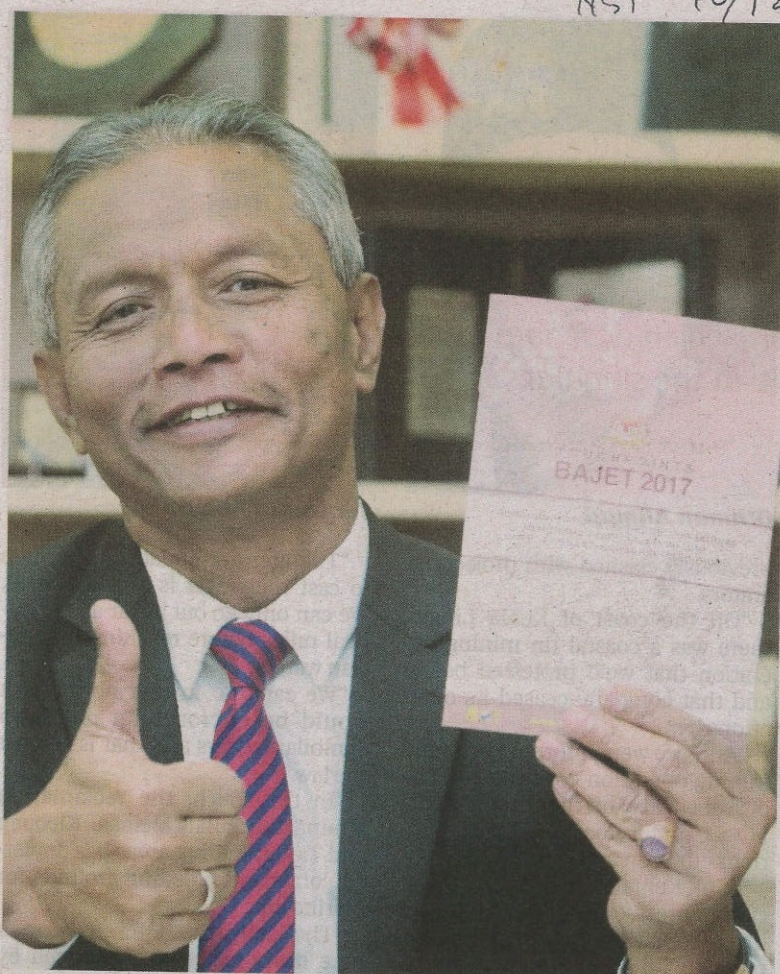
Othman said out of the RM260.8 billion Federal Government budget, 46.3 per cent of it would come from direct taxes, 22.9 per cent from indirect taxes, 15 per cent from non-tax revenue and 15.8 per cent from asset lending and utilisation.

He said in the context of the government's commitment to fiscal consolidation, it was important for the government to manage the operating (OE) and development expenditures (DE).

He said of the RM260.8 billion allocation under the budget, RM214.8 billion was allocated for OE and RM46 billion was for DE.

The components under the allocated OE will be RM77.4 billion for emolument, RM32 billion for supply and services, RM103.9 billion for fixed charges and grants, RM691 million for purchase of assets, and RM816.6 million for other expenses.

For DE, the components are RM25.9 billion for economic sector, RM12.2 billion for social sector, RM5.3 billion



Deputy Finance Minister Datuk Othman Aziz says public sector spending will continue to support economic growth.

for security sector and RM2.6 billion for general administration.

He said while DE would be generated mostly by borrowings, the government had set a policy of which the majority of these borrowings had to come from domestic sources, such as Employees Provident Fund (EPF), The Retirement Fund (Inc) (KWAP) and local banks.

"The government has learnt its lesson, that when we borrowed hugely from international sources, it would be exposed to foreign exchange changes. We do not want that to happen, so we have to be smart with our borrowings.

"And this DE was planned as a long-term project that can benefit the government and the people."

He said the government was also committed to maintain its debt level to GDP at less than 55 per cent.

He said as of September, the debt level stood at RM643.6 billion, or 52.2 per cent to GDP.

The government is also projecting the fiscal deficit to decrease to three per cent or RM40.3 billion next year from the 3.1 per cent expected this year.

He said despite the challenging target to boost revenue, the government was committed to delivering a rakyat-centric budget following the continuation of incentive programmes focusing on housing, education, healthcare and rural areas.

The government also continues its commitment to elevate the income of the B40 and M40 groups through 1Malaysia People's Aid (BR1M), eRezeki, eUsahawan, UBER and MySuria programmes.

In the 2017 Budget, BR1M, which

started in 2012, will be increased to RM1,200 next year from RM1,000 this year.

The increase is for households earning below RM3,000 per month.

For households earning RM3,001 to RM4,000 monthly, BR1M will be raised from RM800 to RM900.

BR1M will be raised for single individuals earning RM2,000 and below a month, to RM450 from RM400.

The allocation, which will cost the government RM6.8 billion, will be delivered to seven million households.

Last year, the allocation was RM5.4 billion.

Othman said the government needed to continue BR1M as the purpose was to ease the burden of the cost of living and thus increase the purchasing power of the recipients.

"This purchasing power will flow back to various sectors, especially retail, which can create income for the government."

eRezeki and eUsahawan were launched last year to target youth, small- and medium-scale enterprises (SMEs), digital entrepreneurs and the B40 group.

Next year, the government is allocating RM100 million for both initiatives, to encourage cross collaboration to support digital-inclusion programmes.

The government announced that it is encouraging the B40 group, especially BR1M's recipients, to join ride-sharing app companies.

For those who own vehicles, Othman said that their income could reach RM1,500 a month for part-time drivers working between 10 and 40 hours per

2017 Budget allocation focus areas:

Based on needs of agencies and ministries

RAKYAT-CENTRIC PROGRAMMES

Table 1: 2017 Budget focus areas

HOUSING	5,000 units of Rumah Mesra Rakyat SPNB	Step-up end-financing scheme for PRIMA
	5,000 units of MyBeautiful New Home	Tabung Penyelenggaraan 1Malaysia
HEALTHCARE	100 new ambulances	RM4 billion for medical supplies and vaccines
	One-off grant of RM200,000 for private haemodialysis centres	
EDUCATION	TVET RM100 school aid	Upgrading of roads, street lights and utilities
	free tablets for 430,000 teachers	
		RURAL AREA

Table 2: BR1M increases to benefit seven million people

Categories	Income	2017 Budget allocation
Households	e-Kasih	RM1,200 (2016: RM1,050)
	<RM3,000	RM1,200 (2016: RM1,000)
	RM3,001 - RM4,000	RM900 (2016: RM800)
Single individuals	<RM2,000	RM450 (2016: RM400)

MALAYSIA'S ECONOMIC GROWTH PROJECTIONS IN 2016 AND 2017

Year	2016	2017
GDP	4 per cent - 4.5 per cent	4 per cent - 5 per cent
Fiscal deficit	3.1 per cent	3 per cent
Revenue	RM212.595 billion	RM219.726 billion

Source: Finance Ministry

week, and RM4,300 if they worked for more than 40 hours per week.

For those without a vehicle, the government announced that a downpayment for a vehicle could be made using BR1M, with a rebate of RM4,000 for buying a Proton Iriz.

He said the 2017 Budget continued to stress on people, inclusive development and rural area projects.

On claims that the budget was an election budget, Othman said: "Being a caring and responsible government, each budget that was presented every year is indeed an election budget as the government works 24/7.

"We take care of people, we take care of stakeholders all the time.

"There were no elections during the 2016 Budget, 2015 Budget and 2014 Budget.

"It means that we do not need to do that kind of work.

"We have been doing the job since 2013 when we won the general election and we are doing our part until now.

"So to answer the question on whether this is an election budget, I would say yes.

"For us, every year is an election year, which means we, as a government and Barisan Nasional representatives, will continue working for the people.

"We do not need to wait for the election, not like them (the opposition). They just talk.

"They said they want to defend the rakyat only when it is close to elections.

"They did not do anything. They are quick to make comments."