Bernama - Government Exploring Options To Raise National Income, Says Tengku Zafrul

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KUALA LUMPUR, 21 July -- The government will continue to explore various options to increase the national income including diversification of revenue sources, Finance Minister Tengku Datuk Seri Zafrul Aziz said today.

He said the current focus is on protecting the people and supporting businesses in order to revive and strengthen the economy.

Tengku Zafrul said Malaysia's fiscal deficit is expected to rise to between 5.8 and 6.0 per cent of gross domestic product compared with 3.2 per cent of GDP forecast earlier, following the fall in crude oil prices to an average of US$41 per barrel between January and June this year compared with the US$61 per barrel used in Budget 2020.

"Every US$1 per barrel drop in crude oil prices will have an impact of RM300 million on the federal government's revenue, so the federal government's deficit will rise," he said in a reply to a supplementary question from Datuk Amiruddin Hamzah (Kubang Pasu-Independent) at the Dewan Rakyat today.

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Tengku Zafrul said all the measures announced earlier in the economic stimulus and recovery package worth RM295 billion are one-off in nature and will not continue to burden the federal government's finances in the medium and long term.

"The package only involves a direct fiscal injection totalling RM45 billion.

"This is one of the government's strategies to reduce the fiscal deficit in the medium term in stages and ensure the nation's fiscal and debt situation is under control," he added.

Tengku Zafrul said the government reduced the deficit to 3.8 per cent in 2013, and to 3.4 per cent at end-2019 from 6.7 per cent in 2009 after the global economic crisis.

"At this point in time, the government is using the Medium Term Fiscal Framework (MTFF) for guidance in the formulation of fiscal consolidation strategies for the medium term (three to five years) besides being in line with the long-term Malaysia Plan.

"The government is also in the process of formulating a Fiscal Responsibility Act to ensure better and more transparent fiscal and debt management.

"The government is confident that the fiscal deficit can be reduced in stages in the medium term," he said.

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