PREFACE

MINISTER OF FINANCE MALAYSIA

On 9 May 2018, the people of Malaysia granted the new Government a 5-year mandate to revamp our public institutions to be service-oriented as well as undertake institutional reforms especially relating to fiscal consolidation to restore fiscal discipline. The new Government is embarking on a series of necessary reforms to restore fiscal health, promote economic growth and pursue socioeconomic programmes as well as pro-growth, pro-jobs and pro-poor developmental agenda aimed to enhance the wellbeing of the people.

The inaugural Fiscal Outlook and Federal Government Revenue Estimates document contains information and updates regarding the Government's medium-term fiscal policy. Guided by the principles of Competency, Accountability and Transparency (CAT), the report signifies the Ministry of Finance's efforts at raising public awareness and understanding on issues relating to the Government's fiscal conditions. The enhanced disclosure will provide greater clarity and certainty that will engender confidence among the business community.

The Government is undertaking multiple institutional initiatives to enhance its revenue and spending efficiency under a more transparent financial structure. The establishment of the Tax Reform Committee will revamp the national taxation system comprehensively by making taxes more efficient, neutral and progressive, while reducing leakages and tax evasion. Meanwhile, the Public Finance Committee has been tasked to balance out the Government's fiscal consolidation exercise in the medium term with targeted spending designed to catalyse economic growth and raise the economic wellbeing of the people.

The Government is also rationalising its agencies, improving its procurement processes, implementing wider use of open tender and reviewing public procurement projects. To raise the effectiveness of public spending, the Government is rebooting the public-private partnership model where the private sector is invited to build various public infrastructure together with the public sector, and then operate the facilities without any financial aid from the Government. The 4P Partnership involving the public, private and professional sectors together with the close involvement of the people can help to impose fiscal discipline on the Government and forge a Malaysian entrepreneurial state.

Other measures include the recognition of several off-budget liabilities as part of Government's direct obligations and provision of annual allocation for off-budget commitment such as debt servicing for government-linked companies such as 1Malaysia Development Berhad (1MDB). The recognition of previously hidden financial items, especially outstanding GST and income tax refunds, will give Malaysians a complete view of the Government's financial obligations, in line with the public demand for greater accountability and transparency in the New Malaysia.

Despite the fiscal challenges the Government faces arising from previous abuses of power, the fundamentals of the economy remain strong. These strong fundamentals have allowed the Government to press on with its institutional reforms to raise Malaysia's economic potential in the medium term without resorting to any austerity measures. By restoring Malaysia's fiscal health and fulfilling our promises, we can return both confidence and prosperity to our beloved country.

Sayangi Malaysiaku!

LIM GUAN ENG

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