PREFACE

MINISTER OF FINANCE
MALAYSIA

This document details the Federal Government's fiscal policy in 2019-2020. It updates the readers with the latest fiscal parameters such as revenue, expenditure, debt and the consolidated public sector fiscal standing that assesses other layers of government as well as public corporations. The Fiscal Outlook and Federal Government Revenue Estimates report give the public and analysts insights to fiscal operations and the associated risks.

This is the second year the Government is publishing this document in such a format. It is published so in order to raise the level of transparency in the public sector. It is also done to improve communication and raise public understanding with respect to fiscal policy.

The Government remains committed to consolidating its fiscal deficit and debt level relative to the GDP. Measures to improve the Government's fiscal health are required to achieve macroeconomic stability, and support long-term national development agenda. In this regard, the Tax Reform Committee (TRC) has been set up to make a comprehensive review of the Malaysian tax system by rationalising various tax incentives, simplifying tax administration, and by exploring new sources of sustainable revenue without burdening the rakyat. Meanwhile, the Debt Management Committee (DMC) has been established to consolidate the management of all debt, guarantees and liabilities of the Federal Government.

As part of its institutional reforms, the Government will enhance its zero-based budgeting process in allocating resources, while strengthening its open tender process. High-impact programmes and projects will be prioritised, while institutional reforms will help to cut down on leakages. The Government expects to introduce the Government Procurement Act in 2020, which is aimed at promoting good governance in managing public spending. Furthermore, the Government is formulating the Fiscal Responsibility Act, which is expected to be tabled in 2021, to strengthen fiscal stability, transparency and accountability within the public sector.

Finally as a trading nation, Malaysia will not be spared from the impact of synchronised global growth slowdown. Faced with such a challenging global environment, it is imperative for the Government to have sufficient policy flexibility so that domestic growth will remain robust to continue raising the living standards of all Malaysians. The Government will monitor all external developments closely and be ready to act, if necessary, to ensure sustainable economic growth.

Sayangi Malaysiaku!

LIM GUAN ENG

11 October 2019