

**Salient points in Budget 2011**  
**Malaysiakini.com**  
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The following are the salient points in Prime Minister Najib Razak's 2011 Budget speech. The 2011 Budget is Najib's second since taking over as prime minister in 2009.

Total budget - RM212 billion, 2.8% higher than the 2010 Budget

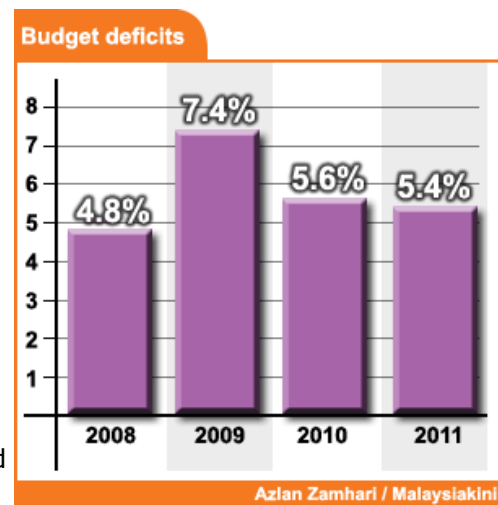
Operating expenditure - RM162.8 billion

Development expenditure - RM49.2 billion

- 2010 growth is revised to seven percent from the previous six percent, fuelled by private investment growth (15.2%), private consumption (6.7%) and exports (11.6%).
- 2011 growth is expected to hover between five to six percent supported by private investment (10.2%), private consumption (6.3%) and exports (6.7%)
- 2011 per capita income is expected to go up 6.1% to RM28,000, while income in terms of purchasing power parity will hit US\$16,000, tempered by moderate inflation (2-3%) and low unemployment (3.5%).
- Budget deficit is expected to go down to 5.4% of GDP, compared to 2010 figure of 5.6%.
- Federal government revenue is estimated to increase by 2.3 percent to RM165.8 billion in 2011, compared to RM161.1 billion in 2010.
- Private investment is expected to expand 12.5% to RM86 billion.

Emphasis on Public-Private Partnership (PPP) projects

- RM12.5 billion worth of public private partnerships (PPP) will be implemented under budget 2011, with a RM1 billion facilitation fund from the government.
- The Mass Rapid Transit project is to be implemented beginning 2011 with a private investment of RM40 billion and is targetted to complete by 2020.
- The Academic Medical Centre, a joint-venture between Academic Medical Centre Sdn Bhd and John Hopkins Medical International as well as Royal College of Surgeons, Ireland, that will involve private investment of RM2 billion
- Development of an International Islamic University Teaching Hospital in Kuantan and a Women and Children's Hospital
- The construction of a 300MW combined-cycle gas power plant in Kimanis, Sabah.



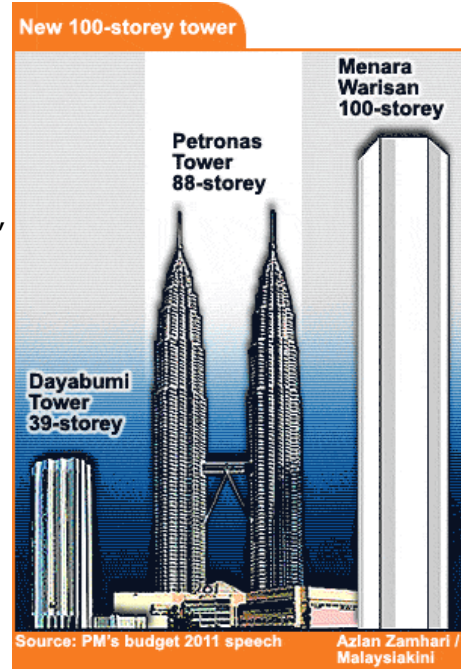
- The construction of highways such as the Ampang-Cheras-Pandan Elevated Highway.

RM5 bil new tower in KL

- A new landmark, the Warisan Merdeka, to be developed by Permodalan Nasional Berhad (PNB), is expected to be completed in 2020 and will include a 100-storey tower, the tallest in Malaysia, which is to be completed by 2015.
- It will stand on land adjacent to Stadium Merdeka and Stadium Negara. Both stadiums are to be retained as national heritage sites.

EPF to fund Sungai Buloh development

- Development of the Malaysian Rubber Board land in Sungai Buloh covering an area of 2,680 acres will be funded by EPF with RM10 billion over 15 years.
- EPF overseas investments will be increased from seven percent to 20 percent of total assets managed.



Investments

- GLICs (government-linked investment companies) will divest shares in major companies listed on Bursa Malaysia to increase liquidity and trading velocity.
- An International Board will be added onto Bursa Malaysia to increase foreign investment, especially to promote syariah-compliant products.
- The Bumiputera Property Trust Foundation will be launched to enhance bumiputera ownership of prime commercial properties in urban areas.

Corridor projects not forgotten

- Corridor and regional development will be accelerated with an injection of RM850 million
- RM93 million will be allocated for Sarawak Corridor of Renewable Energy,
- RM133 million for Northern Corridor Economic Region,
- RM178 million for projects in East Coast Economic Region,
- RM339 million for Iskandar Malaysia in Johor.

New private pension fund

**Sarawak Corridor of Renewable Energy (Score): The three growth centres**



<b>Tanjung Manis</b>	A resource-rich port which will become a manufacturing and small industries centre.
<b>Similajau</b>	Will be an industrial city underpinning a new industrial centre, housing heavy industries such as oil & gas, aluminium, steel and silica, with a deepwater port also to be built there.
<b>Mukah</b>	Will be an education hub and 'Smart City', drawing not only academic and research institutions but also skills training centres.

Source: Prime Minister Abdullah Ahmad Badawi's launching speech Azlan Zamhari / Malaysiakini

- To revitalise capital market activities, the government will launch a Private Pension Fund in 2011.
- The existing income tax relief of up to RM6,000 for employees' contributions to EPF will extend to Private Pension Fund contributions.

#### Funds to help businesses

- A RM146 million fund will be set up to support the oil, gas and energy industry.
- RM857 million will be allocated for local E&E (electrical and electronic) companies to compete at the international level.
- To help entrepreneurs that face financial problems, the Insolvency Act will be consolidated with the Bankruptcy Act 1967 and Part 10 of the Companies Act 1965, including the introduction of a provision relating to a relief mechanism for companies and individuals with financial problems. A review will also look to amend the current minimum bankruptcy limit of RM30,000.

#### Tourism

- RM100 million will be allocated to support the tourism industry
- RM50 million to construct several shaded walkways in the Bukit Bintang-KLCC vicinity.
- A RM3 billion eco-nature resort Nexus Karambunai in Sabah will commence in 2011.
- RM85 million will facilitate construction of hotels and resorts in remote areas.

#### IT development

- The Multimedia Development Corridor programme will be allocated RM119 million. Focus will be on creating an innovative digital economy.
- Import duty and sales tax exemption on broadband equipment will be extended for two years until 2012.

#### Minimum wage

- A National Wage Consultation Council will be set up to determine the rate and mechanism of minimum wage for various sectors.
- The basic minimum wage for security guards is to go up to between RM500 and RM700 depending on location, compared to RM300 to RM400 previously.
- Fully-paid maternity leave for civil servants is to increase to 90 days compared to the previous 60 day.
- Levy on foreign workers is to increase in stages according to sector. Health insurance for foreign workers is now mandatory.

#### Training

- The Talent Corporation is to be set up under the Prime Minister Office in early 2011, that will formulate the National Talent Blueprint

- A target to increase PhD-qualified academic staff to 75% in research units and 60% in other public institutions of higher learning
- The 1Malaysia Training Programme will be launched in January 2011 with an allocation of RM500 million

#### Sabah and Sarawak

- RM2.1 billion will be allocated to upgrade rural roads in Sabah and Sarawak, compared to RM696 million for Semenanjung Malaysia
- RM1.5 billion will be allocated to develop rural electricity and water supply in Sabah, with RM1.2 billion for Sarawak and RM556 million for Semenanjung Malaysia

#### Allocation for ministries

- RM15.86 billion will be allocated for the Prime Minister's Department. The allocation was RM14 billion in 2009 and RM12 billion in 2010
- RM29.3 billion for Education Ministry
- RM10.2 billion for Higher Education Ministry
- RM1.2 billion for Women, Family and Community Development Ministry
- RM627 million for Human Resources Ministry
- RM111 million for Permata (Pusat Anak Permata Negara)

#### Other salient points

- The scheduled hike in toll charges for four highways owned by Plus Expressways Bhd will be frozen for the next five years.
- A RM500 Special Financial Assistance for Civil servants Grade 54 and below, including contract officers and retirees. Payment will be made in December 2010.
- Maximum housing loan eligibility for civil servants will increase to RM450,000 from RM360,000.
- First-time homeowners will enjoy a 50 percent discount on stamp duties for homes below RM350,000.
- Young adults of household incomes under RM3,000 will be assisted through a first-home owner scheme where the government will guarantee a 10% down payment for homes below RM220,000. This means that house buyers will obtain a 100% loan without having to pay the 10% down payment.

**Budget 2011**

	<b>Scheduled hike in toll charges for the North-South Highway will be frozen for the next five years.</b>
	<b>RM500 special allowance for civil servants.</b>
	<b>First-time homeowners will also enjoy a 50 percent discount on stamp duties for homes below RM350,000.</b>
	<b>Sales tax for mobile phones reduced by 10 percent.</b>
	<b>Special court to dispose backlog of outstanding cases.</b>

Source: PM's budget speech Azlan Zamhari / Malaysiakini

- Malaysian permanent estate workers will get a maximum RM60,000 housing loan to buy low-cost houses at four percent interest rate, with a repayment period of 40 years extending into the second generation.
- Sales tax for mobile phones will be reduced by 10 percent.
- RM350 million will be allocated to boost efforts to cut down the crime index, and establish 25 special courts to expedite prosecution.
- Full import and excise duties exemption granted to franchise holders of hybrid cars will be extended to Dec 31, 2011. It extends also to electric cars and hybrid and electric motorcycles.
- Import duty on approximately 300 goods preferred by tourists and locals, currently at 5% to 30%, will be abolished.
- Service tax will be increased from 5% to 6%. The government proposes to impose service tax on paid television broadcast services.
- The excise duty exemption on national vehicles purchased by the disabled will go up to 100 percent from 50 percent previously.
- RM200 million will be allocated for the Distribution of Essential Goods programme, on top of the RM100 million allocation under budget 2010, to standardise prices nationwide for goods such as rice, cooking oil, sugar, flour, gas, petrol and diesel.
- 375 native English speakers is to be recruited from United Kingdom and Australia to improve the teaching of English.
- Monthly allowance of community leaders (JKKK, village heads, Tok Batin, etc.) is to be increased to RM800 from RM450. Meeting attendance allowance is also increased from RM30 to RM50.
- Imams' allowance will be increased from RM450 to RM750, KAFA (religious school) teachers' allowance also goes up to RM800 from RM500.
- RM1.9 billion will be allocated for environmental projects, including for the River of Life programme and the greening of Kuala Lumpur.
- A points system is to be introduced to facilitate permanent resident status applications, and applications can be made after five years of residence compared to 10 years previously.

