

Schooling will be totally free in Malaysia, says PM

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KUALA LUMPUR: As expected, the prime minister unveiled a generous Budget 2008 yesterday that will bring cheer to the man in the street as well as the business sector.

Datuk Seri Abdullah Ahmad Badawi, tabling the budget in parliament, announced free education and textbooks for all school-goers starting from next year's session.

He also floated a RM9.6 billion measure to enable millions of Employees' Provident Fund (EPF) contributors to draw on their savings to reduce their housing loan repayments.

With free education, the annual fee for primary and secondary schools will be abolished from next year. At the same time, the Textbook Loan Scheme will be provided to all students. Abdullah, who is also Finance Minister said: "With these measures, schooling in Malaysia is now completely free."

On the housing front, the government will allow EPF contributors to make monthly withdrawals from the balance in Account 2 for the financing of one house from Jan 1.

"This will benefit five million active EPF contributors and will enable them to own better houses than they could otherwise afford as well as lessen their financial obligations."

For the corporate sector, he said corporate tax would be further reduced to 25 per cent from 2009. Next year's rate of 26 per cent was announced in last year's budget.

Smokers and drinkers were spared the usual sin taxes on cigarettes and alcohol in this budget.

There was no mention of any bonus for civil servants because Abdullah had in May announced a pay hike of up to 35 per cent for them.

Analysts welcomed the budget, dubbed by some as an "election budget" given speculation the polls might be round the corner.

They said it had brought benefit to ordinary folk as well as addressed key needs of the corporate sector such as the easing of foreign skilled worker visa requirements, tax adjustments and public delivery system revamps.

Signalling priority for combating crime, Abdullah allocated RM6 billion to the police to recruit 60,000 personnel over five years and buy more patrol cars and equipment.

"Police presence and visibility will be increased, particularly in crime-prone areas. The government will install more closed-circuit television cameras linked to police control centres."

This year's budget was themed "Together Building the Nation and Sharing Prosperity".

"The theme of the 2008 budget reflects the government's aspiration that the wealth of the nation continues to grow and benefit all Malaysians."



Prime Minister Datuk Seri Abdullah Ahmad Badawi says the government will allow EPF contributors to make monthly withdrawals from Account 2 for the financing of one house from Jan 1.

The budget focused on three strategies: Boosting the nation's competitiveness, strengthening human-capital development and ensuring the well-being of all Malaysians, he added.

He proposed that RM176.9 billion be appropriated next year, 10.9 per cent higher than the amount in Budget 2007.

Of the amount, RM128.8 billion will be for operating expenditure while RM48.1 billion will be for development expenditure.

The agriculture, industry and infrastructure sectors were given the largest allocation of RM20.6 billion under development expenditure. The tourism sector, which succeeded in attracting nearly 11 million tourists as of June year-on-year was allocated RM858 million to implement programmes and upgrade facilities next year.

While spending would rise, he said, the government was committed to improving its fiscal deficit, which would be reduced to 3.1 per cent of gross domestic product next year from 3.2 this year and 5.5 per cent last year.

Acting on the recommendations of the Special Task Force to Facilitate Business (Pemudah), he said the procedures for the issuance of business licences and permits would be reduced through greater use of ICT.

To make it easier for foreign-skilled workers and foreign investment from multinationals to come to Malaysia, the Immigration Department would from Jan 1 shorten the processing period for work-permit issuance to seven days from 14 days for skilled workers.

He said a new category of visa for business travellers to Malaysia with a longer validity period and other features would be introduced to facilitate easier entry.

Indian and Chinese nationals would also be able to apply for multiple-entry visas in the country where they are residing or working rather than in their country of origin as required now.

From Jan 1, this facility will be available in New York, London, Hong Kong and Singapore.

To enable Malaysia to become an international Islamic finance centre, he said several measures would be introduced, including allowing Islamic fund management companies

to be wholly owned by foreigners and allowing EPF to channel RM7 billion in funds to them.

To stimulate the property sector and ensure greater Bumiputera participation, he said Pelaburan Hartanah Bumiputera Bhd had acquired several properties for development of major commercial projects.

He cited Penang Sentral, an integrated transport and logistics terminal in the Northern Corridor Economic Region as an example.

To develop more efficient public transportation systems, especially for the low-income group and to overcome congestion, Abdullah said RM12 billion would be spent in Kuala Lumpur, Penang and other major cities to boost facilities.

For women, the government set aside an allocation to help single mothers build skills and encourage more mothers to provide childcare services at home.

Senior citizens were not forgotten in the budget. He said that many pensioners depended on savings to meet their financial needs.

"To improve returns on their savings, a RM2 billion bond will be issued by Bank Negara to be subscribed by senior citizens aged 55 years and above who do not have permanent jobs."

The maximum limit per person is RM50,000 with a maturity period of three years and a rate of return of five per cent. So far, RM3.5 billion of such funds have been issued.

Recognising the important role of teachers, the budget proposed increases in allowances for special education teachers, graduate substitute teachers and graduates teaching Chinese and Tamil languages in national schools.

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