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2013 BUDGET

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Improving the quality of people's lives

KUALA LUMPUR
PRIME Minister Datuk Seri Najib Razak unveiled a generous budget that touched virtually millions of households, while keeping economic growth on track. Acknowledging that the 2013 Budget would be the last before the general election, the prime minister used the blueprint to further reinforce his three-year transformation plan to turn Malaysia into a developed country by 2020.

"This budget will focus on improving the quality of life of the people, ensuring sustainable growth, spending prudently and reducing the fiscal deficit," Najib, who is also finance minister, said in his two-hour address to Parliament. The RM251.6 billion budget, a record, touched almost every strata of society — from the rural poor in Ba'kalan, Sarawak, daily ferry commuters in Labuan and Sabah, padi farmers in Yan, Kedah, and fishermen in Kuala Pahang, Pekan. Hawkers in Kuala Lumpur's Chow Kit area, preschoolers to university students, young workers to pensioners, civil servants and entrepreneurs, all of them count as among the millions who stand to benefit from arguably the most generous national budget in recent years.

Najib announced a one-and-half month's bonus for 1.4 million civil servants, apart from a second round of the 1Malaysia People's Aid (RM12.0 million) to households earning more than RM3,000 a month.

The aid is also extended to cover a payment of RM250 for single unmarried individuals aged 21 and above, earning not more than RM2,000 a month. Even the middle income earners with taxable income between RM2,500 and RM50,000 have reason to smile as their income tax rate is reduced by one percentage point. Yet, Najib stayed true to his promise of being fiscally responsible.

With an estimated Federal Government revenue collection of RM208.6 billion, the fiscal deficit will fall from 4.5 per cent this year to four per cent next year — the lowest since 2008. These improvements will mean that the country is on track to cut the fiscal deficit to only three per cent in 2015. On top of that, in a move that will further improve the nation's financial position, the prime minister said the subsidy programmes will be tweaked to ensure that they are given only to those who truly need them.

The overall economy, meanwhile, is projected to expand strongly, between



Prime Minister Datuk Seri Najib Razak takes his place at Parliament moments before unveiling the 2013 Budget. Pic by Mohd Yusoff Ariffin

RM208.6b

Projected Federal Government revenue in 2013

RM2,500 and **RM50,000**

have reason to smile as their income tax rate is reduced by one percentage point.

RM251.6b

Allocated for development programmes and projects, with focus on people's wellbeing

RM148.4b

Private sector investment to increase by 13.3 per cent in 2013

RM350,000 to RM400,000.

To curb excessive speculation on residential properties, real property gains tax will be reviewed.

The 1Malaysia book voucher for students studying at institutions of higher learning was also increased to RM250, from RM200, previously.

Retired civil servants who had served the government for at least 25 years will now see their pension raised to a minimum of RM820 per month, from the previous RM720.

To reduce the cost and prices of goods in Sabah, Sarawak and Labuan, Najib announced an allocation of RM386 million to ensure essential goods are sold at lower prices through the opening of 57 Kedai Rakyat 1Malaysia (KRIM).

For example, in Ba'kalan, Sarawak, the price of a 14 kg gas cylinder is RM70. With the price uniformity programme, the cooking gas can be purchased at only RM26.60 per cylinder," he said.

Najib said that the Budget will pro-

pel the nation towards achieving the national vision of attaining a high-income status by 2020. "With the permission of the Almighty and the support of the rakyat, God willing, we will witness six more budgets to be tabled by the Barisan Nasional government before transforming Malaysia, from middle, to high income, and developed country. "As a party with a mandate, we urge the rakyat to evaluate critically and rationally each and every successful record of the Barisan Nasional," he added.

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FIVE KEY AREAS OF FOCUS IN THE 2013 BUDGET

1 BOOSTING INVESTMENT ACTIVITY

- Promoting Domestic Investment
- Intensifying Small and Medium Enterprises
- Focusing on Malaysia An Oil and Gas Hub
- Intensifying Tourism Sector
- Enhancing Agricultural Activity
- Sustaining Food Security
- Safeguarding the Farmers and Fishermen
- Stimulating the Capital and Financial Markets
- Promoting Business Trust
- Focusing on Corporate Wakaf
- Developing Bumiputera Entrepreneurs

2 STRENGTHENING EDUCATION AND TRAINING

- Malaysia Education Blueprint 2013 — 2025
- Strengthening the Role of Preschools
- Skills and Training

3 INCULCATING INNOVATION, INCREASING PRODUCTIVITY

- Intellectual Property as Collateral
- Research and Development
- Intensifying Venture Capital Investment by Individual Investors
- Encouraging Innovative Activity
- Green Technology Development

4 FISCAL CONSOLIDATION AND ENHANCING THE PUBLIC SERVICE DELIVERY

- Ensuring that the Federal Government debt will not exceed 55% of the GDP and fiscal deficit continues to decline to 3% by 2015.
- Improving the Malaysian Armed Forces Scheme of Service
- Increasing the minimum pension from RM720 to RM4820 for those who have served for at least 25 years.

5 ENHANCING THE WELL-BEING OF THE RAKYAT

- Housing for Rakyat
- Bantuan Rakyat 1Malaysia (BR1M)
- Tax Revision on Individual Income and Cooperatives
- Reducing Students' Cost of Learning
- Price Uniformity Scheme
- Driving Community Transformation
- Health as the Essence to Well-Being
- Expanding Urban Public Transport Network
- Rural Transformation Programme
- Facilitating Hajj Pilgrimage
- Broadband Programme for Urban Poor
- Creating a Safe and Harmonious Neighbourhood
- Development for Rural Areas and Orang Asli Community
- Enhancing the Malaysian Anti-Corruption Commission
- Development of Women, Family and Community

MINISTERIAL BUDGET HIGHLIGHTS

Education Ministry

RM38.7b

- RM500 million to enhance teaching skills in core subjects
- RM400 million for national schools
- RM100 million for Chinese schools, boarding schools and Maktab Rendah Sains Mara.
- RM1.2 billion for pre-school education
- RM330 million for placement of Kindergarten teachers.
- RM3.7 billion to train students in technical and vocational fields
- RM50 million to train 3,200 Malaysian Indian students in the estates.

Health Ministry

RM19.3b

- For operating and development expenditure
- RM20 million for an additional 70 new 1Malaysia clinics.
- RM100 million to upgrade 350 clinics nationwide



Agriculture and Agro-Based Industry Ministry

RM5.8b

- RM30 million for agricultural development programmes, increase of high quality seedlings, establishment of fish markets and improvement of agricultural training institutions
- RM427 million allocated under the NKEA for oil palm replanting programmes.
- RM127 million for the higher production of derivatives.
- RM140 million for the four new paddy granaries with acreage of 50,000 hectares.
- RM230 million as an incentive for fish landing as well as payment of living allowances for fishermen.

Youth and Sports Ministry

RM738m

- RM50 million to prepare athletes for international sporting events
- RM50 million allocated to prepare for the 2016 Olympics
- RM80 million for a covered velodrome that will be built in Seremban and a Badminton academy in Bukit Kiara.
- RM50 million to assist young ICT entrepreneurs through a new foundation.

Women, Family and Community Development Ministry

RM1.25b

- RM1.2 billion under the 1Malaysia Welfare programme (KARLSMA) will be allocated for senior citizens, children, and disabled workers as well as for those who suffer from chronic illnesses
- RM50 million to support the various roles played by women in the nation
- 25,000 for free mammogram examination for women.

It's a people-friendly budget and the highest bonus ever given to civil servants. I hope all civil servants will increase their productivity, work efficiently and take care of their image. The increase in minimum pension is also a good move.

Cuepacs president Datuk Omar Osman



We are grateful to the government for responding to our requests by providing RM10,000 rebate and subsidy on full loans for the purchase of new buses. I would like to appeal to the government to offer the incentives sooner than next year as there are over 100 school buses that are over 31 years old. The incentives will help bus operators who are struggling.

Federation Of Malaysian School Bus Operators Association Vice-President Amali Munif Rahmat

The allocation to increase the number of 1Malaysia clinics and public clinics nationwide will make it easier for the rakyat to get treatment. We will also be able to set up clinics in more places for the benefit of the public. The allocation will also help us to improve our services.

Health Ministry director-general Datuk Seri Dr Hasan Abdul Rahman



The Education Delivery Unit will reduce mismanagement and ensure the government's funds are used and policies are implemented properly. All teachers should take these new opportunities to undergo training and upgrade their skills.

National Union of the Teaching Profession secretary-general Lake Yim Pheng



The RM5.8 billion allocation for the agriculture sector was the most positive investment that could bring vast benefits for the country and the people. The RM30 million allocated for agricultural programmes is timely, as it would reduce massive food imports.

Famca director of communications Mohd Yusoff Abdul Rahman

