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'PM has something for everyone'

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GIST: People's wellbeing will be Najib's priority, say Finance Ministry officials

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PRUDENT but people-friendly budget. That will be the gist of the 2016 Budget to be unveiled by Prime Minister Datuk Seri Najib Razak today.

There will be something for everyone — the middle-class, the bottom 40 per cent of household incomes and the rural folk, finance ministry officials said in a pre-Budget briefing.

But it would not be too generous, given the big drop in government revenue due to sharply lower oil and commodities prices, and the slowdown in global trade and economy, including in Asian powerhouse China.

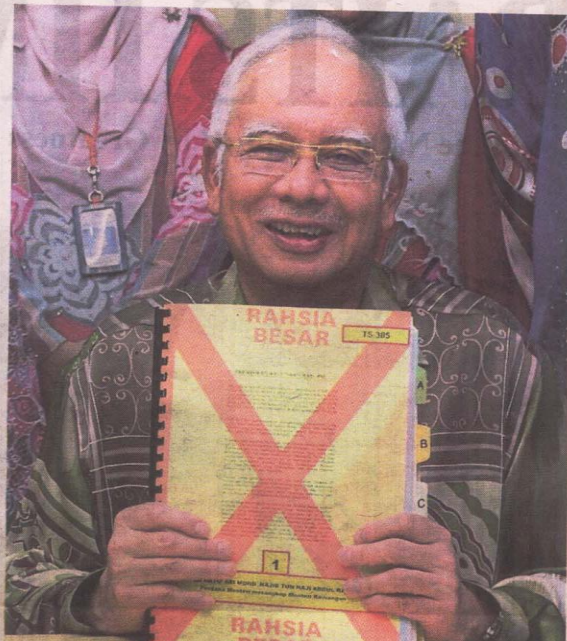
"It will be a budget that will not disappoint the people, but if you expect a lot of goodies because of the GST, that expectation will not be realistic," one ministry official said.

But the saving grace would be the Goods and Services Tax (GST) and subsidy cuts, both unpopular with the people but proved to be saviours in these difficult times.

"It will be quite a tough year for every country, especially the emerging economies," one senior official told the briefing.

"In fact the term 'challenging' is understated."

Najib, in unveiling his seventh but



Prime Minister Datuk Seri Najib Razak will unveil the 2016 Budget in Parliament today. Bernama pic

most difficult budget yet as finance minister at 4pm in the Dewan Rakyat, will find it less flexible in trying to pump prime the economy, given tighter government finances.

Good times never last, as the saying goes, but the government's ability to push through tough measures, such as the GST, has helped mitigate some of the revenue shortfalls.

"Although we have been criticised and maligned that we have put more burden on the people, a scenario

without the GST would be a lot worse for the people," he said.

The people's well-being will remain as Najib's priority. There will be additional relief for taxpayers, for example, but there will be no outright personal income tax cuts given the tight financial situation.

Najib is also expected to announce direct and indirect measures to deal with the rising cost of living. For example, he would unveil the opening of more Kedai 1Malaysia outlets.

Najib: I have a plan, and the plan is working

KUALA LUMPUR: Prime Minister Datuk Seri Najib Razak said he was determined to see his economic plans through, despite the challenging global environment.

In a statement yesterday ahead of the tabling of the 2016 Budget at Parliament today, Najib said the government was committed to safeguarding the Malaysian economy.

While acknowledging the fall in oil and gas prices had resulted in a decline in government revenues, Najib highlighted pro-active measures employed by the government to mitigate the setback, concerning the various steps implemented to diversify the economy over the past year.

"This year, we have been focusing on strengthening the resilience of our economy, managing the impact of external vulnerabilities, and safeguarding the well-being of the people.

"Two things we have done to increase resilience is to introduce the Goods and Services Tax (GST) and rationalise subsidies.

"These decisions have been our saviour. GST collection is higher than anticipated due to higher compliance, and fortunately, we

have other resources. Plus, the government has been prudent with expenditure."

Najib said Malaysia's economic fundamentals remained strong, with growth expected to be 4.5 to 5.5 per cent this year, inflation at 2 to 2.5 per cent and stable unemployment. Hence, Najib said, the government was on track to pri-

oritise people-centric programmes and would assist all across the economic strata, especially vulnerable groups.

Among others, the plans would look into easing cost of living; supporting the private sector with pro-business policies; and ensuring inclusive growth, enhancing

human capital development, and increasing productivity, innovation and green technology.

"I have a plan, and the plan is working. I will not be distracted, for there are serious consequences of not seeing the plan through.

"The 2016 Budget will demonstrate how the plan will improve the lives of all Malaysians, and our next steps towards achieving Vision 2020 and achieving developed nation status. The future and welfare of all Malaysians is my top priority."



The 2016 Budget was drafted as Malaysia and other emerging economies reel under external economic pressures beyond their control. Officials said volatility of the global economy seems to have surpassed levels during the 1998 Asian financial crisis.

Malaysia, they said, had seen about a 50 per cent drop in gov-

ernment revenue, given the sharp drop in oil price. They said although Malaysia had diversified its sources of earnings in recent years, the 33 per cent contribution from the oil and gas sector was still considered significant, and prevailing low oil prices was affecting the country's revenue.