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Najib: We're watching Greece

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Financial crisis in Eurozone may affect Malaysia, says PM

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PUTRAJAYA: Malaysia is closely monitoring the financial crisis that is currently hitting Greece, which could see the country leave the Eurozone. While the situation might not have a systemic effect on Malaysia, Prime Minister Datuk Seri Najib Tun Razak said there is a global impact that could still indirectly affect the country.

"I want to see the development in Greece in the next few days before commenting. The key is to see if Greece will remain a part of the Eurozone.

"There is no systemic risk to the Malaysian economy. But it might affect global sentiments. We will have to see how it all plays out," said Najib, when asked to comment on the impact of the Greece situation on Malaysia.

Najib, who is also the Finance Minister, was speaking to reporters after chairing the National Financial Council meeting at the Finance Ministry here.

Greece had imposed capital controls and ordered banks to close temporarily after the breakdown of bail-

out talks with its foreign creditors. The country has less than 48 hours to pay back €1.6bil (RM6.7bil) to the International Monetary Funds, and a default could result in Greece's exit from the Eurozone.

On the council meeting, Najib said state governments have been urged to step up its efforts in revenue collection and also reduce outstanding revenue.

"Between 2010 and 2014, the average outstanding revenue for states was over RM2bil a year. If the outstanding amount can be reduced by, say, 25%, a state's income could increase by RM599mil.

"The efforts taken by all state government to reduce outstanding revenue will be monitored and reported to the National Financial Council," said Najib.

Without mentioning any state specifically, Najib said state governments could look up to other state governments with more experience in increasing its revenue.

"State governments could consider some suggestions, which include imposing different land tax rates for small-scale farming and large-scale farming," he said.

The council also agreed to pro-



Discussing money matters: Najib shaking hands with Selangor Menteri Besar Azmin Ali before chairing the National Financial Council meeting in Putrajaya. Also at the meeting were Ahmad Husni (second right), Deputy Finance Ministers Datuk Chua Tee Yong (third left) and Datuk Ahmad Maslan (fourth left). — Bernama

vide an additional RM880mil to the State Reserve Fund (KWRN), said Najib.

RM240mil of the additional fund is allocated for 2015, while RM110mil and RM530mil is allocat-

ed for 2016 and 2017, respectively.

"This makes the total of KWRN funds for 2015 at RM720mil and RM580mil for 2016," said Najib.

Present at the meeting were the Chief Ministers and all the

Mentris Besar.

Also at the meeting were Second Finance Minister Datuk Seri Ahmad Husni Hanadzlah and Treasury secretary-general Tan Sri Dr Mohd Irwan Serigar Abdullah.