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PM's five key elements

Govt to focus on economic growth and people's needs



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BUDGET 2016 focuses on ensuring that Malaysia remains a competitive economy without sacrificing the people's needs and interests.

This approach, said Prime Minister Datuk Seri Najib Tun Razak, would ensure inclusive and sustainable growth in the years leading to 2020 when Malaysia aims to be a high-income, advanced economy.

"This Budget and the subsequent ones will be based on balancing between the capital economy and people economy.

"This is so that we can achieve growth that is inclusive and sustainable and build a competitive, progressive and morally strong country," he said when tabling the Budget in the Dewan Rakyat.

The term capital economy refers to economic management based on GDP growth, investment and corporate profits. People economy covers issues dear to the rakyat, including the cost of living and skills training.

Najib, who is also Finance Minister, introduced Budget 2016 as the first of five annual budgets under the 11th Malaysia Plan that will launch the country into high-income status.

Carrying the theme "Prospering the Lives of the Rakyat", Budget 2016 has five key priority areas.

Strengthening the country's economic resilience - the first priority area - involves spurring more domestic investment.



Income and expenditure: Najib tabling Budget 2016 in Parliament.

These include measures such as developing the KLIA Aeropolis, billed as an airport city located on a 526ha site projected to draw in RM7bil in investments.

The second priority area is to increase the capital market through initiatives, including tax cuts on the cost of issuing Sustainable and Responsible Investments sukuk bonds.

Small and medium scale enterprises make up the third priority area under the Budget, with meas-

ures including the allocation of RM1bil for Syariah Compliant SME Funding Scheme.

The fourth priority is infrastructure, which Najib described as the catalyst to all of the economic and social development.

Key spending in this sector includes that for the LRT and MRT systems in the Klang Valley, RM1.2bil to raise rural Internet bandwidth from 5 Mbps to 20 Mbps and RM1.4M to build and upgrade 700km of rural roads nationwide.

Tourism was outlined as the fifth priority area under the Budget, with the Government targeting 30.5 million arrivals next year who will bring in RM103bil to the national economy.

The measures outlined to boost the sector, said Najib, would include extending the 100% income tax exemption on statutory earnings of tourism businesses to 2018.

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