

Newspaper	THE STAR
Date	21 OCTOBER 2016

Tight lid on Govt spending

The Star - 21/10/2016

Najib pours cold water on talk of an 'Election Budget'

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PETALING JAYA: Budget 2017 will see the Government keeping a tight lid on its expenses and at the same time, addressing some pressing issues such as increasing disposable income and making housing more affordable for the young working population.

The Budget is also expected to set the pace for Malaysia to prepare for a growing ageing society, where more than 45% of its population is expected to be above the age of 60 by 2025.

"Life expectancy has increased by 12 years. At the same time, an average family now has two children instead of six in the 1970s. These are long-term structural problems. The Budget is expected to start the ground work to prepare the people for measures to ensure they have enough savings right up to the end of their lives," said a senior government official.

Prime Minister Datuk Seri Najib Tun Razak said that a major focus of Budget 2017 will be raising the disposable income of the *rakyat*, and encouraging upscaling, reskilling and entrepreneurship training.

It will also touch on mitigating the rising cost of living, providing more affordable housing, substantial measures on education and allocations for the provision of quality healthcare services.

Najib, who is also the Finance Minister, poured cold water on expectations that the Government would unveil a "General Election Budget", something that has been speculated.

The Prime Minister said that the Government would not opt for short-term political gain.

"We are committed to ensuring that the economic fundamentals of the nation remain resilient and strong. We commit to being pru-



In the bag: Najib placing the Budget 2017 text into his briefcase while Finance Minister II Datuk Johari Abdul Ghani (second right) looks on. With them are Treasury secretary-general Tan Sri Dr Mohd Irwan Serigar Abdullah (left) and Finance Ministry staff.



dent and creative in optimising expenditure, to ensure delivery for the people," he told editors on the eve of unveiling Budget 2017.

Since Najib took over the helm as Finance Minister in 2009, he has been cutting down on Malaysia's fiscal deficit, which was 6.7% of the gross domestic product (GDP) in 2009.

The move has earned Malaysia commendable reviews from international rating agencies.

The deficit is projected to be down to 3.1% this year and next

year, economists have forecast it to be 3%.

The Government has set a target of achieving a near balanced budget by 2020, and towards this end, the Prime Minister said they were on the right trajectory to achieve economic growth while keeping a lid on spending.

"Despite fiscal pressures, inflation has been kept at low levels, and the Malaysian people as a whole are better off today than they were a year ago. Indeed, we are now an upper-middle-income country," said Najib.

"We are on the right trajectory, with the economy expected to improve further in 2017 with growth of up to 5%," he said.

According to a senior government official, had crude oil been above US\$110 per barrel, Malaysia would have achieved a balanced budget by 2020. However, since mid-2014, the price of crude oil has

come down by more than 50%, causing the Government to lose some RM30bil in income.

To add to Malaysia's problem is an unstable external economic environment.

The trade policies in the United States are uncertain on the back of the presidential election there, while China is still undergoing an economic slowdown.

An area expected to receive special attention is measures to facilitate the people to embrace and take opportunities arising from the "sharing economy".

It is a move to increase the income of the bottom 40% of households and the middle class.

"While the social safety net such as the BR1M scheme will continue, there could be measures to encourage people to take opportunities such as being a Uber or GrabCar driver," said a senior official.