

Newspaper

The Sun

Date

29 January 2016

11 measures to help rakyat cope

> PM announces budget recalibration initiatives to ensure sustainable economic growth

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PUTRAJAYA: Prime Minister Datuk Seri Najib Abdul Razak yesterday announced 11 measures – as part of the recalibration of the 2016 Budget – to reduce the burdens of the rakyat in the current challenging economic climate.

The measures are also expected to save the government RM9 billion in operating and development expenditures.

In a special address at the Putrajaya International Convention Centre here, Najib, who is also finance minister, stressed that the economic problems plaguing the country are not due to the failure of the government to plan, but to the global economic situation which is beyond Malaysia's control.

"Indeed, every decision we make today is the best for the rakyat and will surely be recorded in history," he said.

"Furthermore, Malaysia is neither a failed nor bankrupt state, as alleged. In fact, the economy is stable with strong growth, as well as resilient and competitive."

The 11 measures announced by Najib are:
1. Reduction of employees' contribution to the Employees Provident Fund by 3% beginning March 2016 to December 2017. However, the contribution by employers remains. This measure is expected to increase private consumption expenditure by RM8 billion a year.

2. Provision of a special tax relief of RM2,000 to individual taxpayers with a monthly income of RM8,000 and below for the 2015 assessment year.

3. Reducing the cost of daily basic necessities, which include:
▶ liberalising controls on import quotas or Approved Permits for eight agricultural produce.

▶ Domestic Trade, Cooperatives and Consumerism Ministry (MDTCC) to identify more fair-price shops including foreign and local supermarkets.

▶ MDTCC to step up enforcement and legal action against businesses taking the opportunity to profiteer.

▶ Introduction of the MyBeras programme, where every registered hardcore poor will be supplied with 20kg of rice every month until December 2016.

4. Houses priced up to RM300,000 in new housing projects to be limited to first-time buyers only, with immediate effect.

5. 30% from the levy contribution to the Human Resources Development Fund amounting to RM200 million to be provided to enhance competency and skills of employees, including those retrenched.

6. Enhancing the efficiency and amount of tax collection, which includes:

▶ government doubling compliance and auditing efforts on tax evaders.

▶ special consideration and relaxation of penalty on taxpayers to encourage them to come forward and declare past years' income.

▶ tightening of free duty treatment on

imported vehicles on duty-free islands.

7. Streamlining the management of foreign workers whereby the levy will be clustered under two categories only. This does not include the foreign domestic maid category. In addition, the government will implement the Rehiring Programme to provide opportunities for foreign workers without permits to be given valid work permits.

8. Government to be more prudent in spending, particularly on supplies and services.

9. Projects and programmes to be focused on those that are rakyat-centric, as well as with high multiplier effects and low import content.

10. Development financial institutions and government-owned venture capital funds to increase their financial funds by RM6 billion to provide financing to small and medium enterprises and startup companies.

11. Government-linked companies to be urged to implement initiatives to narrow the income gap between higher management and employees gradually. Private sector will be urged to do the same.

Najib said these initiatives are very important to ensure sustainable economic growth, and more importantly, to safeguard the well-being of the rakyat.

"I am confident that together we can overcome these difficult challenges again. We have done it before; God willing, we can do it again," he added.

Najib said as an additional measure to boost the tourism sector, tourists from China will not be required to visit the country under specific conditions, beginning March 1 to Dec 31.

He said the iMalaysia People's Aid (BRiM) and welfare assistance will continue to be implemented, and the Goods and Services Tax rate maintained.

Similarly, the government will carry out its salary adjustments for civil servants equivalent to one annual increment according to grade on July 1, 2016, as promised in the 2016 Budget.

Stressing that Malaysia is neither in economic nor technical recession, he said taking into consideration the current economic climate, the government has decided to revise the 2016 Gross Domestic Product (GDP) forecast to 4% from 4.5%.

"The government is committed to fiscal consolidation measures for 2016, that is to achieve a fiscal deficit target of 3.1% of GDP.

"The national debt level will continue to be reduced and will not exceed the prudent level of 55% of GDP," he said.

Meanwhile, in PETALING JAYA, the prime minister said the GST should be seen as the saviour of the country instead of as a burden.

Najib said it was unimaginable how the drastic drop in oil prices – now at US\$30 per barrel – could have affected the country if the GST had not been implemented.

"That is why the government's decision to introduce the GST was timely. It was not meant to be a burden to the rakyat but a saviour for Malaysia," he said at the 34th World Customs Day celebrations at the Federal Territories Royal Malaysian Customs Department yesterday.

The Sun - 29/1/2016