

**2014 Budget Will Give True Picture Of Subsidy Rationalisation, Nation's Direction - Ahmad Husni
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IPOH, Sept 8 (Bernama) -- The 2014 Budget to be tabled by Prime Minister Datuk Seri Najib Tun Razak on October 25 will show the true picture of the government's subsidy rationalisation and the country's direction, said Second Finance Minister Datuk Seri Ahmad Husni Hanadzlah.

He said the subsidy rationalisation enabled the government to have more income to be channelled for national development such as to focus on easing the burden of the middle-low group, access to house ownership especially for affordable houses as well as infrastructure needs.

"If RM24 billion (value of fuel subsidy by the government) excluding other subsidies can be reduced, it will be utilised for housing development, infrastructure and emphasis on innovation and creativity as future investments.

"We can provide allocation for research and development as well as small enterprises, hence our economic growth will be faster and comprehensive," he told reporters in Ipoh, Sunday.

He said this after attending the 56th Merdeka Day celebration at Tambun parliamentary level at Padang Bandaran Tanjung Rambutan.

He said the government's efforts were not only to improve the income of the country and the rakyat but also to narrow the gap between the rich and poor.

In addition, he said the middle-low group would be assisted in a different context and the government is currently studying several approaches for this.

Ahmad Husni said the subsidy rationalisation move also enabled the government to provide more allocation for its development agenda which included focusing on affordable housing and the infrastructure needs throughout the country particularly in Sabah and Sarawak.

"The government will have more allocation for development, focusing on affordable housing and infrastructure needs, with the priority in Sabah and Sarawak. The strength of the economy in the two states cannot be optimised due to infrastructure problems," he said.

Nevertheless, he said the three basic parameters of the 2014 Budget that must be taken care of were the government must ensure that revenue exceeds expenditure, secondly, consideration for fiscal policy namely to reduce deficit and thirdly, the debt-to-GDP (gross domestic product) ratio must be maintained at below 55 per cent.

Ahmad Husni who is also Member of Parliament for Tambun said the subsidy rationalisation was not undertaken by merely looking at the country's standing as made by global rating agency, Fitch Ratings, as the government also scrutinised the overall position of the country in the context of the global economy.

"We are aware that the global economic growth phase currently is worse than before. During the economic downturn, countries like Brazil, Russia, India, Indonesia and China were not

affected, their economic growth were high.

"However this time the growth in those countries have declined...Hence in relation to the global economy, we must ensure our economy continues to achieve growth and well-being," he said.

"Hence, what the government does including initiatives in 2014 Budget are efforts to strengthen the country's economy in the global economic scenario which is 'gloomy', then the rating agency will increase the country's position.

"Like Fitch Ratings which made a statement that it welcomed our initiatives however there must be more efforts by the government. This is what we're doing," he said.

Earlier, Fitch Ratings had revised Malaysia's credit rating outlook from stable to negative following its doubts about the government's intention to manage expenditure.

Last week, Bank Negara Malaysia (BNM) Governor Tan Sri Dr Zeti Akhtar Aziz said the government and BNM are currently addressing the concerns raised by Fitch Ratings on public finance and budget structure.

On September 3, the rating agency gave its response to the reduction in fuel subsidy for petrol and diesel by the government, saying Malaysia's move to improve its fiscal sustainability and macroeconomic stability in the long term could see a change in its rating to stable outlook.

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