

**Government Committed To Strengthening Public Finance, Says Najib
Bernama
June 15, 2015**

PUTRAJAYA, June 15 (Bernama) -- The government remains committed to strengthening public finance without jeopardising growth, while providing fiscal support for reform initiatives, said Prime Minister Datuk Seri Najib Tun Razak.

"Our fiscal targets for 2015 remain intact.

"The deficit will be further reduced to 3.2 per cent of the Gross Domestic Product (GDP) from 3.4 per cent in 2014," he said at the Budget 2016 Consultative Council meeting in Putrajaya, Monday.

Najib, who is also the Finance Minister, said the federal debt would be capped within 55 per cent of the GDP.

Also present were the Deputy Finance Ministers I and II, Datuk Ahmad Maslan and Datuk Chua Tee Yong, as well as Chief Secretary to the government Tan Sri Dr Ali Hamsa and Finance Ministry Secretary General, Tan Sri Dr Mohd Irwan Serigar Abdullah.

Najib said the government aimed to further accelerate private investment in productive sectors of the economy and urged the private sector to aggressively exploit opportunities available in the Services Sector Blueprint.

The private sector now accounts for 68.5 per cent of economic activity, with private investment comprising 16.6 per cent of GDP as at end-2014.

Najib said the ASEAN Economic Community (AEC), to be established by year-end, presented a huge opportunity for small and medium enterprises (SMEs) and could help meet the government's target of 41 per cent in GDP contribution from the sector by 2020.

SME contribution to the GDP is 35 per cent at present.

He said given the strong intra-regional trade and investment links, SMEs can expand beyond the domestic market and firmly entrench themselves as part of the regional and global value chain.

"I see tremendous opportunities for our businesses, in particular, SMEs in capitalising on the dynamism of this region," Najib said.

He said, while Malaysia, was well-integrated into the global economy through trade and capital flows, the high degree of uncertainty prevailing in the external sector continued to impact the country.

On the domestic front, he said household debt remained high at 87.6 per cent of the GDP,

although growing at a slower pace.

According to Najib, other headwinds are an anticipated softening of commodity prices, particularly crude oil, liquefied natural gas and palm oil, while private consumption would see some moderation due to the one-off inflationary pressure from implementation of the Goods and services Tax (GST).

The Prime Minister said additional revenue from the GST would be used to further enhance the growth potential of the economy, improve the well-being of the people, generate jobs and promote quality growth.

The Budget 2016, to be tabled in Parliament on Oct 23, will focus on strengthening growth, enhancing inclusiveness, as well as ensuring fiscal sustainability.

--BERNAMA

Copyright © 2015 BERNAMA

Source : <http://www.bernama.com/bernama/v8/newsindex.php?id=1143958>