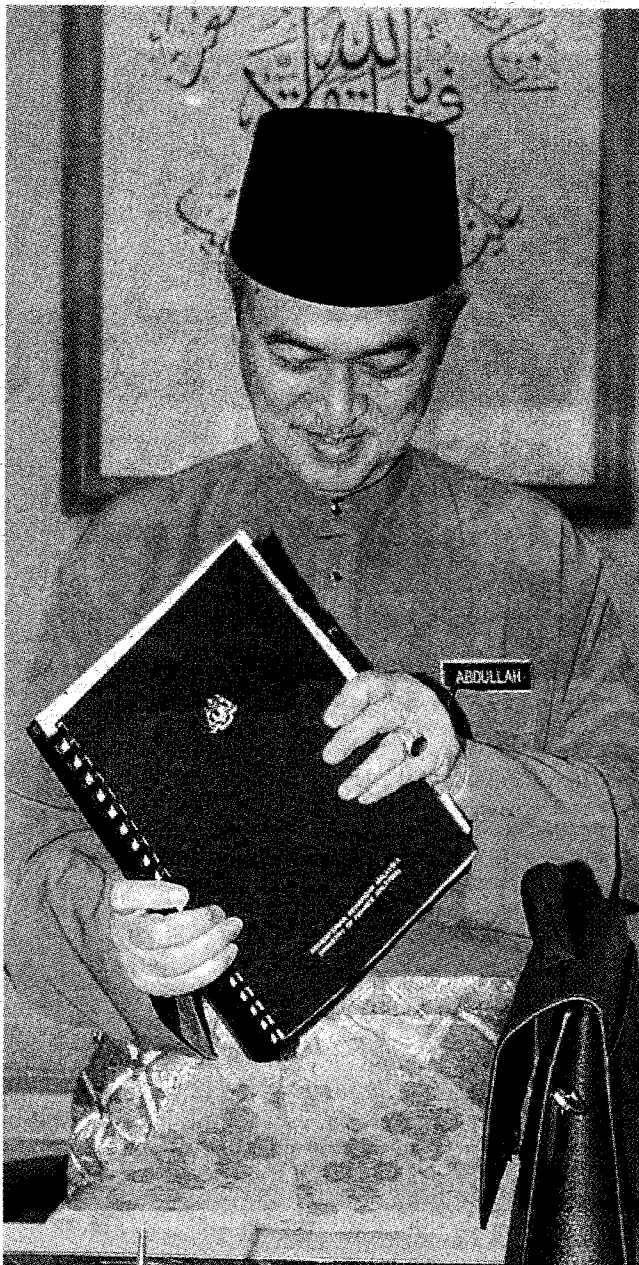


Higher but prudent spending

NST-2/9/2006



Abdullah (centre) chairing a Cabinet meeting on Budget 2007 at the Prime Minister's Office yesterday. From left are Datuk Seri S. Samy Vellu, Datuk Seri Najib Razak, Abdullah, Datuk Seri Ong Ka Ting and Datuk Seri Dr Lim Keng Yaik. — Bernama picture



Abdullah preparing to leave his office in Putrajaya for Parliament to present his Budget speech.

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AFTER three years of tightening the purse strings, Prime Minister Datuk Seri Abdullah Ahmad Badawi tabled a surprise expansionary Budget 2007 in Parliament yesterday.

But this time spending will be more responsible, practical and relevant, essentially to smoothen existing rough edges, prepare the population to embrace new technologies and secure new sources of growth.

Budget 2007 came against the backdrop of challenging times. The high crude oil prices has dampened the economy and public sentiment as the cost of doing business and the cost of living have skyrocketed.

Next year should be no different as oil is expected to remain pricey.

Some Malaysians have become restless, bringing up issues such as the lack of contract work and unequal wealth distribution.

The domestic economy must move and since the Government has considerably narrowed the budget deficit and receives more revenue from oil and gas, it can afford to spend, especially on programmes to cushion any impact of a possibly slower global economic growth next year.

Budget 2007, themed "Implementing the National Mission Towards Achieving the National Vision", is the first budget in the Ninth Malaysia Plan.

It is to move Malaysia up the economic value chain, raise capacity for knowledge, narrow socio-economic inequali-

ties, improve the quality of life and strengthen institutional implementation capacity.

It seeks to rally all Malaysians to refocus their efforts on running the last leg of the national mission towards achieving Vision 2020.

Abdullah, who is also the Finance Minister, has budgeted for an expenditure of RM159.4 billion.

Of the amount, RM112.9 billion is for operating expenditure (11.6 per cent more than this year) and RM46.5 billion for development (31 per cent above this year's figure).

As the private sector will resume its leading role in pursuing economic development, Abdullah gave a surprise reward by cutting corporate tax by one per cent in 2007 and another one per cent in 2008.

The gesture was warmly welcomed, with businessmen calling it a sacrifice, given that the Government did not announce significant tax increases elsewhere.

The agriculture and biotechnology sectors received additional incentives and Abdullah urged Malaysians to go into these recession-proof industries.

Other vital sectors were not overlooked. The construction, capital market, Islamic banking and tourism sectors all received incentives.

Budget 2007 paid special attention to developing human capital, a vital element in attaining higher value-added growth based on knowledge and technology. Huge sums were allocated for schools, universities, scholarships, skills training and youth and sports development.

The pursuit of national inte-

gration will be strengthened by moves to attract more students to national schools.

The empowerment of women continues to receive attention as apart from grants for gender and community programmes, a RM50 subsidy is to be provided for every mammogram done in private clinics and hospitals.

To ensure the benefits provided by Budget 2007 reached every corner of the country, the thrust was on reducing regional disparities. Development projects will be undertaken in Peninsular Malaysia, Sabah and Sarawak.

The Government will continue to implement rural development projects, including those involving roads and water and power supplies.

At the same time, RM578 million is allocated to accelerate the eradication of poverty.

Budget 2007 also seeks to improve the quality of life, with efforts ranging from providing housing for the low income group and reducing the financial burden of parents of school-going children to ensuring access to quality medical facilities for all and providing adequate public safety by enhancing the capability of the police.

And to ensure all the budgetary measures reach those they are intended for, the Government delivery system will be strengthened by efforts such as simplifying immigration procedures, enhancing usage of information and communication technology, cutting red tape and improving public transportation.

Civil servants receive a boost in the form of a bonus and higher allowances.