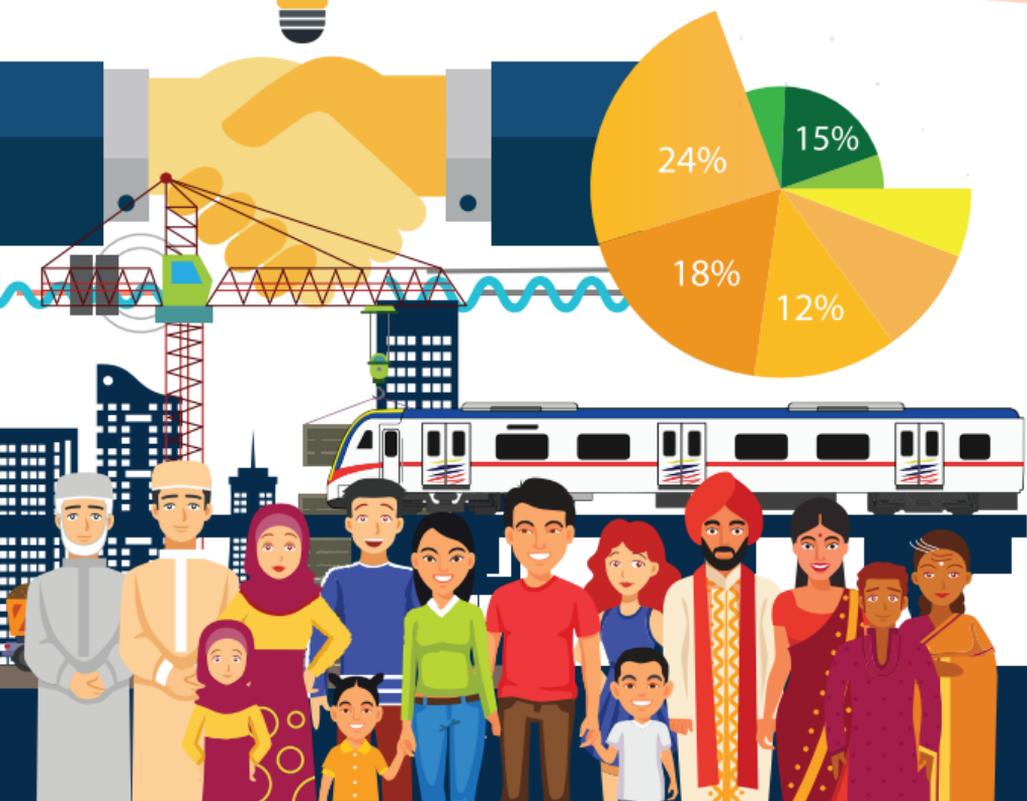


BUDGET 2019

Touchpoints





YAB Tun Dr. Mahathir Bin Mohamad
Prime Minister of Malaysia

“Malaysia is akin to an Asian Tiger that has been in a state of somnolence and has now woken up, and is roaring again”



YB Lim Guan Eng
Minister of Finance Malaysia

“While the Government is committed towards fiscal consolidation, this will be balanced with ensuring economic development to improve the socio-economic well-being of the rakyat”

FOCUS OF BUDGET 2019

FIRST FOCUS : TO IMPLEMENT INSTITUTIONAL REFORMS

Strategy 1 : Strengthening Fiscal Administration

Strategy 2 : Restructuring And Rationalising Government Debt

Strategy 3 : Raising Government Revenue

SECOND FOCUS: TO ENSURE THE SOCIO-ECONOMIC WELL-BEING OF MALAYSIANS

Strategy 4 : Ensuring The Rakyat's Welfare And Quality Of Life

Strategy 5 : Improving Employment And Employability

Strategy 6 : Enhancing Health And Social Welfare Protection

Strategy 7 : Raising Real Disposable Income

Strategy 8 : Education For A Better Future

THIRD FOCUS: TO FOSTER AN ENTREPRENEURIAL STATE

Strategy 9 : Unleashing The Power Of The New Economy

Strategy 10: Seizing Opportunities In The Face Of Global Challenges

Strategy 11: Redefining The Role Of Government In Business

Strategy 12: Ensuring Equitable And Sustainable Economic Growth

Source: Ministry of Finance, Malaysia (As of 2 November 2018)

Coordinator: Neily Syafiqah Mohamed Eusoff





**“A Resurgent Malaysia, A
Dynamic Economy,
A Prosperous Society”**



DETAILED PROVISION

**BUDGET 2019
ALLOCATION**

**RM314.5
BILLION***

**OPERATING
EXPENDITURE**

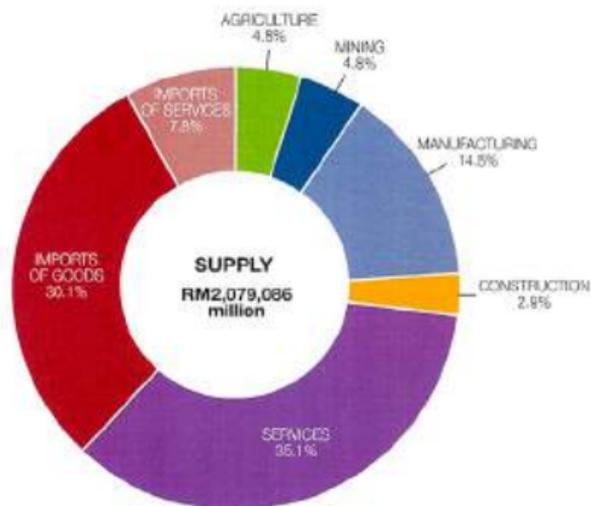
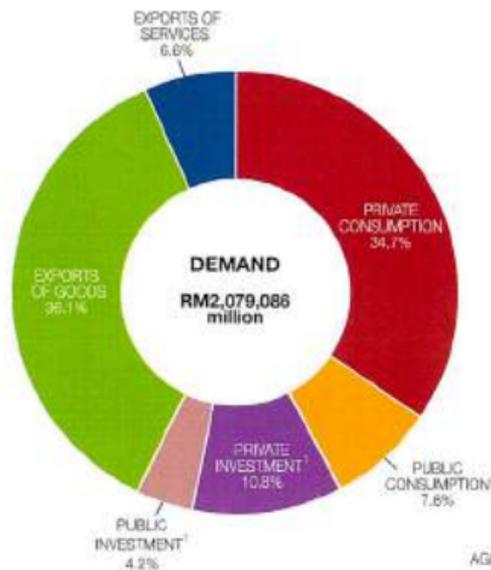
**RM259.8
BILLION**

**DEVELOPMENT
EXPENDITURE**

**RM54.7
BILLION**

* Excluding Contingency Fund of RM2 billion

THE 2019 ECONOMY AT CONSTANT 2010 PRICES

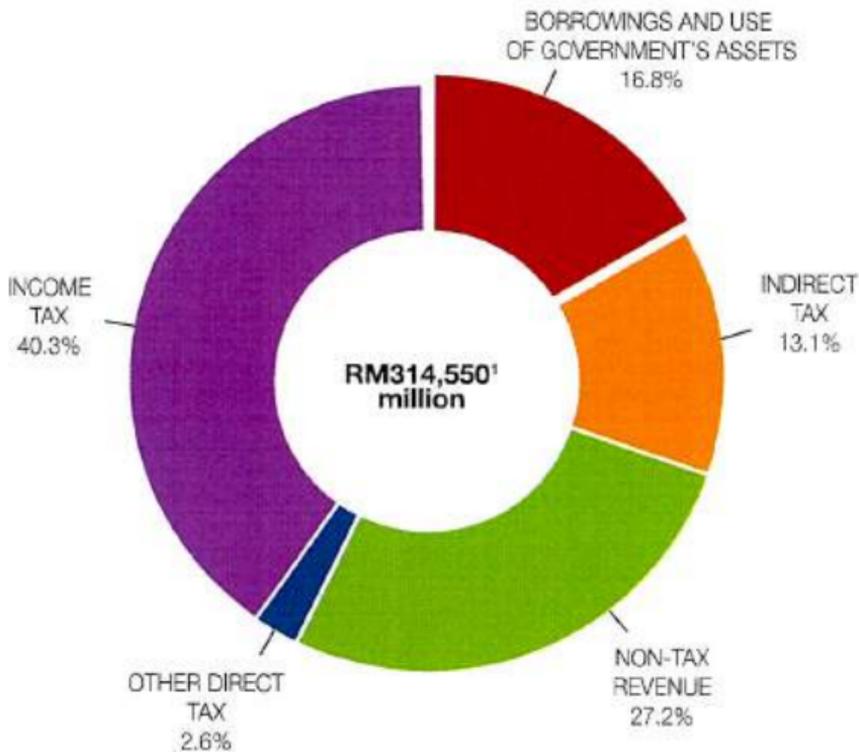


¹ Includes change in stocks

Source: Ministry of Finance, Malaysia

THE 2019 FEDERAL GOVERNMENT BUDGET

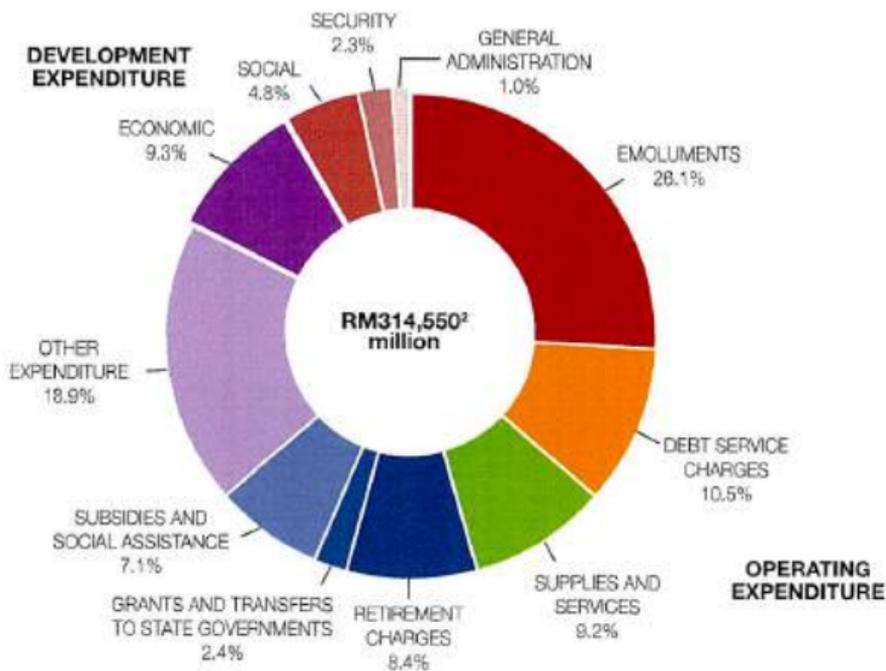
WHERE IT COMES FROM



¹ Consists of revenue, borrowings and use of Government's assets

Source: Ministry of Finance, Malaysia

WHERE IT GOES



² Excludes contingency reserves

Source: Ministry of Finance, Malaysia

2019 ECONOMIC PROSPECTS

YEAR	2018	2019
GDP	4.8%	4.9%
Fiscal Deficit	3.7%	3.4%
Per Capita Income	RM42,937 million	RM44,686 million
Revenue	RM236,460 million	RM261,814 million
International Reserves	US\$102.1 billion as at 15 November 2018	

3 FOCUS

FIRST FOCUS : TO IMPLEMENT INSTITUTIONAL REFORMS	14
Strategy 1 : Strengthening Fiscal Administration	15
Strategy 2 : Restructuring And Rationalising Government Debt	16
Strategy 3 : Raising Government Revenue	18
SECOND FOCUS : TO ENSURE THE SOCIO-ECONOMIC WELL-BEING OF MALAYSIANS	22
Strategy 4 : Ensuring The Rakyat's Welfare And Quality Of Life	23
Strategy 5 : Improving Employment And Employability	27
Strategy 6 : Enhancing Health And Social Welfare Protection	30
Strategy 7 : Raising Real Disposable Income	34
Strategy 8 : Education For A Better Future	41

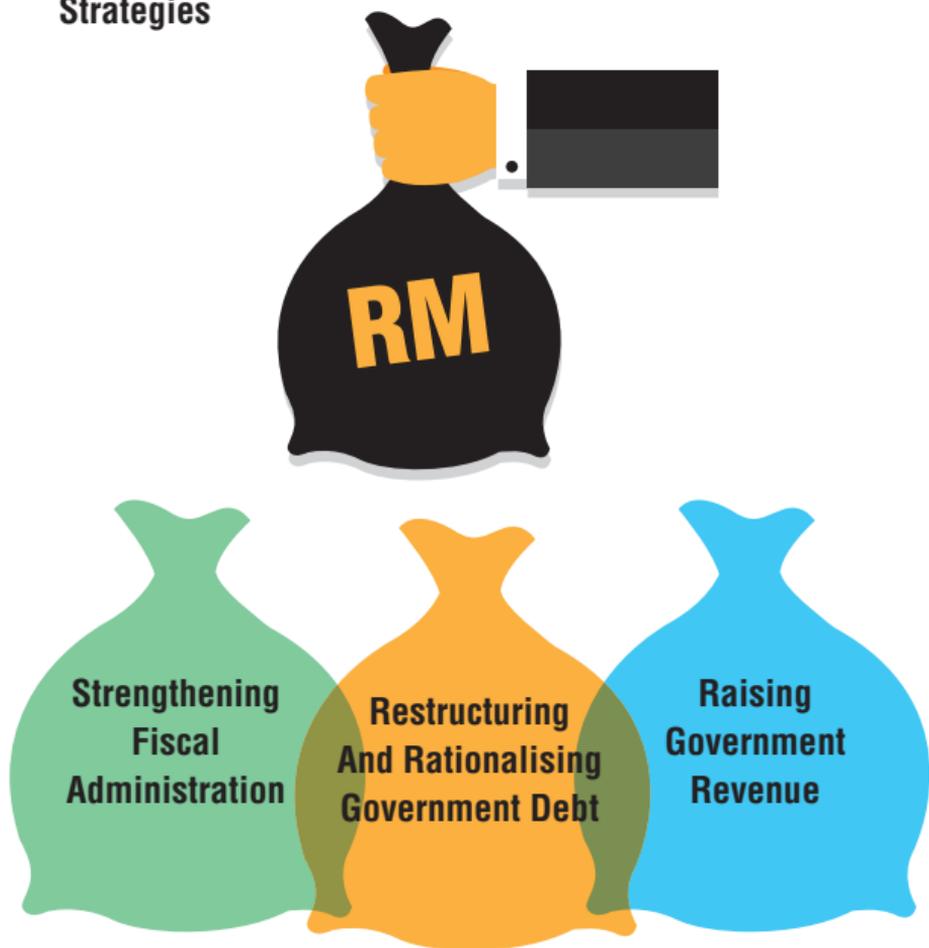
THIRD FOCUS: TO FOSTER AN ENTREPRENEURIAL STATE	49
Strategy 9 : Unleashing The Power Of The New Economy	50
Strategy 10 : Seizing Opportunities In The Face Of Global Challenges	57
Strategy 11 : Redefining The Role Of Government In Business	65
Strategy 12 : Ensuring Equitable And Sustainable Economic Growth	66
PROVISION FOR ENFORCEMENT AGENCIES AND CIVIL SERVANTS	71



“A Resurgent Malaysia, A Dynamic Economy, A Prosperous Society”

FIRST FOCUS : TO IMPLEMENT INSTITUTIONAL REFORMS

Strategies



STRATEGY 1:

Strengthening Fiscal Administration

Restructured the approach to budget through 'Zero-Based Budgeting'

- To increase effectiveness, efficiency and higher cost-savings
- Budget allocations are provided through the assessment of the goals
- All discretionary spending is planned from zero

The Government will table a Fiscal Responsibility Act by 2021

- To avoid excessive spending that engenders mega debts

The Government intends to table a new Government Procurement Act

- To govern procurement processes to ensure transparency and competition
- Impose punitive action against abuse of power, negligence and corruption
- Implementation of open tenders would save taxpayers money and increase the efficiency and competitiveness of the private sector

Current cash basis of accounting shall be converted to an accrual basis by 2021

- To ensure full disclosure of debts, liabilities and value of assets

STRATEGY 2:

Restructuring And Rationalising Government Debt

Set up a Debt Management Office

- Responsible for reviewing and managing the Government's debt and liabilities
- Shall have oversight over debt issuance by the Federal Government, statutory bodies and Special Purpose Vehicles
- The Office will streamline Government funding sources as a whole
- Statutory bodies with surplus funds can help meet the funding requirements of other agencies at a more competitive cost

Track and publish the Federal Government debt ratios

- To provide the necessary transparency to disclose the total debt and liabilities

Rationalising and reviewing existing debts and future debts commitments

- Taken decision to cancel the RM15 billion Multi-Product Pipeline and Trans-Sabah Pipeline projects. The construction of the RM81 billion

East Coast Rail Link (ECRL) is suspended and is pending renegotiation of the project cost

- Cancelled the RM60 billion Mass Rapid Transit Line 3 (MRT3) pending the completion of Mass Rapid Transit Line 2 (MRT2)
- Postponed the Kuala Lumpur – Singapore High Speed Rail (HSR) which would have cost at least RM110 billion
- Terminated the Klang Valley Double-Tracking 2 project which was awarded via direct negotiations and will be retendered via an open tender exercise



STRATEGY 3:

Raising Government Revenue

Leveraging assets

- Seek to reduce the Government stake in non-strategic companies and utilise the proceeds to pare down debt
- Implement the real form of Public Private Partnership (PPP)
 - ~ For public projects based on land swap transactions using an open tender mechanism and not direct negotiations
- Implement scheduled and staggered land sales via auction to highest bidders
- Intends to set up Airport Real Estate Investment Trust (REIT) to privatise infrastructure assets
 - ~ The investors of the Airport REIT will receive returns arising from user fees collected from Malaysia Airports Holdings Bhd (MAHB)
 - ~ This REIT exercise will only be carried out after the Regulated Asset Base and user fees structure has been negotiated and finalised

Reviewing taxation

- The provision of specific taxable services of a business to another business (B2B), registered for the same service will be exempted from service taxes
- Introduce credit system for Sales Tax deduction to assist the problems faced by small manufacturers who purchase their input materials and components from importers instead of other registered manufacturers
- Imported services will be subjected to Service Tax
 - ~ To ensure local service providers such as architecture, graphic design, Information Technologies (IT) and engineering design services are not unfairly disadvantaged against their foreign competitors
- For online services imported by consumers, the foreign service providers will be required to be registered with the Royal Malaysian Customs, charge and remit the relevant Service Tax on the transaction
 - ~ Examples of this services include downloaded software, music, video or digital advertising

- The Government will launch a Special Voluntary Disclosure Program
 - ~ To offer an opportunity for taxpayers to voluntarily declare any unreported income for Malaysian tax purposes
 - ~ Malaysia has implemented the Automatic Exchange of Information (AEOI) with other tax authorities for audit and investigation purposes
 - ~ Taxpayers will receive reduced penalty rates:

Disclosure date of unreported income	Penalty rates
3 November 2018 – 31 March 2019	10%
1 April 2019 – 30 June 2019	15%
After the program ends on 30 June 2019	Range from 80% to 300%

- Royal Malaysian Customs will step up enforcement against cigarette smuggling
- The Government proposes to impose a departure levy for all outbound travellers by air
 - ~ RM20 for travellers to ASEAN countries
 - ~ RM40 for travellers to countries other than ASEAN

- The Real Property Gains Tax rates will be revised for disposals of properties or shares in real property company in the sixth and subsequent years
 - ~ For companies, non-citizens and non-permanent residents, the rate shall be increased from 5% to 10%
 - ~ For Malaysian citizens and permanent residents, the rate shall be increased from 0% to 5%
 - ~ Low cost, low-medium cost and affordable houses with prices below RM200,000 will be exempted
- The stamp duty on the transfer of property valued at more than RM1 million will be increased from 3% to 4%
- The taxes, fees and levy on the gaming industry will be increased
 - ~ Casino license to be increased from RM120 million to RM150 million per annum
 - ~ Casino duties to be increased up to 35% on net collection
 - ~ Machine dealer's license to be increased from RM10,000 to RM50,000 per annum
 - ~ Gaming machine duties to be increased from 20% to 30% on gross collection
 - ~ Number of special draws will be reduced by 50%

SECOND FOCUS : **TO ENSURE THE SOCIO-ECONOMIC WELL-BEING OF MALAYSIANS**

Strategies



“
Ensuring
The Rakyat's
Welfare And
Quality Of Life
”

“
Improving
Employment And
Employability
”

“
Enhancing Health
And Social Welfare
Protection
”

“
Raising Real
Disposable
Income
”

“
Education For A
Better Future
”

STRATEGY 4:

Ensuring The Rakyat's Welfare And Quality Of Life

- The Government will continue the B40 households via the 'Bantuan Sara Hidup' (BSH) cash grants (RM5 billion)
 - ~ The program will be better targeted to those in need and enhanced to take into account the size of the family
 - ~ Under BSH, 4.1 million households will continue to receive this financial assistance

Monthly income	Living Aid
<RM2,000	RM1,000
<RM2,001 to RM3,000	RM750
RM3,001 to RM4,000	RM500

Every child 18 years old and below or is disabled (no age limit) it is up to a maximum of four dependents


RM120

- Government has introduced the Employees Provident Fund (EPF) i-Suri contribution scheme (RM45 million)

- ~ For housewives under the e-Kasih programme
- ~ For the e-Kasih beneficiaries whose husbands contribute at least RM5 monthly into their wives' retirement savings, the Government will contribute RM40 a month
- Provide a targeted fuel subsidy to individual car owners with engine capacity of 1,500cc and below or motorcycle owners of 125cc and below (RM2 billion)
 - ~ Owners with multiple cars will not receive this benefit
 - ~ Each car and motorcycle owner will enjoy up to 100 litres and 40 litres respectively of RON95 petrol per month with a subsidy of at least 30 sen

TARGETED FUEL SUBSIDY

 1500CC Limited to 100 litre/month	 125CC Limited to 40 litre/month
 RON95 price will be floated (APN) once subsidy kicks in.	

- ~ As many as 4 million car owners and 2.6 million motorcycle owners will benefit from this targeted subsidy
- To stabilise supply and standardise prices of essential goods, especially in Sabah and Sarawak (RM150 million)
 - ~ Among the list of goods are wheat flour, refined sugar and cooking oil in 1kg packs, local rice with 15% broken grains and 10kg packs, RON95 petrol, diesel and Liquid Petroleum Gas (LPG)
- The Government call upon all consumers to download the Price Catcher mobile application (20 million)
 - ~ To collect information on the prices of goods and services
 - ~ Allow consumers in knowing the best prices in the market
 - ~ Help the authorities to monitor against unlawful pricing practices
- The Government intends to make electricity subsidy more targeted to those registered under e-Kasih (RM80 million)
 - ~ Only the poor and hardcore poor registered with e-Kasih
 - ~ Government will increase the subsidy to RM40 per month from RM20 currently



- The Government will identify and collaborate with Non-Government Organisations (NGOs) and Social Enterprise (**RM10 million**)
 - ~ To support their efforts in uplifting the underprivileged and marginalised communities
 - ~ Examples of such partnerships will include Government procurement of envelopes from the disabled
- Income tax deductions will be provided for contributions from any parties to any social enterprise
 - ~ Subject to a maximum of 10% of aggregate income of a company or 7% of aggregate income for a person other than a company

STRATEGY 5:

Improving Employment And Employability

- The Human Resource Development Fund (HRDF) will launch two programmes – “Apprenticeship” and “Graduate Enhancement Programme for Employability” (GENERATE) (RM20 million)
 - ~ To provide skills to school-leavers
 - ~ To increase the marketability of graduates from the institutions of higher-learning
 - ~ To benefit at least 4,000 youths
- The Government proposes that the employer portion of EPF contributions be cut to 4% from the current 6% for employer who hire retirees aged 60 to 65
 - ~ Proposes to provide additional tax deduction to employers who employ this group of up to a monthly salary of RM4,000
 - ~ This provides an incentive for employers to hire or retain retirees, particularly B40
 - ~ To employ ex-convicts



- The Government will provide a one-off (RM500) assistance to qualified Government pensioners
 - ~ To Government pensioners who are receiving pensions of less than RM1,000 per month



- The Government will allocate (RM10 million) per annum to provide healthcare for the parents of the 30,000 'contract of service' officers
 - ~ The officers may apply for 'Quarantine Leave' when their children suffer from infectious diseases



- The Government allowed for up to **(seven days)** of Unrecorded Leave for non-Muslim civil servants in the service to perform their religious pilgrimage and rituals



- The Government proposes to raise the minimum wage to RM1,100 per month
 - ~ Cognizant of the need and importance of a living wage in an environment of rising costs



**SALARY
INCREASE TO
RM1,100**

**Minimum
salary
nationwide**



STRATEGY 6:

Enhancing Health And Social Welfare Protection

- Full implementation of the Employment Insurance System (EIS)
 - ~ The Social Security Organisation (SOCSO) compensates those who have lost their jobs, including providing job search allowances, skills retraining as well as job replacement
 - ~ SOCSO will provide job placement advice and assist workers in their job search
- The Government will pilot a national B40 Health Protection Fund in partnership with the private insurance industry (RM2 billion)
 - ~ To provide free protection against the top 4 critical illness for up to RM8,000
 - ~ Up to 14 days of income during hospitalisation
 - ~ Cover RM50 per day and hospitalisation income of RM700 per annum is available

B40 NATIONAL HEALTH PROTECTION FUND

IMPLEMENTATION

By government in collaboration with private insurance companies

INITIAL FUNDING

Great Eastern Life Insurance contributing RM2 billion which will be managed by Bank Negara Malaysia

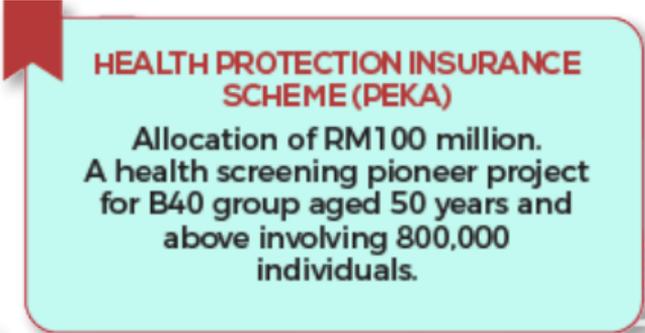
ENTAILING

Free insurance protection for 4 main critical diseases up to a sum of RM8,000 and maximum of 14 days' income replacement during hospitalisation at the rate of RM50 per day or RM700 per year. The fund size will grow with the involvement of other insurance companies.



- The Government will be allocating (RM29 billion) for the Ministry of Health
 - ~ Includes an allocation of (RM10.8 billion) to provide medicine, to upgrade and improve the quality of health services at clinics and hospitals

- The Ministry of Health will pilot a nationwide health screening programme – *Skim Perlindungan Kesihatan* (PEKA) (RM100 million)
 - ~ For 800,000 individuals aged 50 and above in B40 households



**HEALTH PROTECTION INSURANCE
SCHEME (PEKA)**

**Allocation of RM100 million.
A health screening pioneer project
for B40 group aged 50 years and
above involving 800,000
individuals.**

- To provide free mammogram screening, Human Papilloma Virus (HPV) vaccinations as well as Pap Smear tests at clinics and hospitals (RM20 million)
 - ~ To protect women's health
- The Government will allocate (RM50 million) for the specific purpose of treating rare diseases, treating Hepatitis C, addressing stunting among children, providing more haemodialysis screening and treatments and Enhanced Primary Healthcare (EnPHC)

- The Government proposes to introduce an excise duty at 40 sen per litre for two categories of sweetened beverages, manufactured in the form of ready to drink with sugar content as follows:

Sugar content threshold value

Beverages including carbonated drinks containing added sugar or flavoured and other sweetening matter which contains sugars exceeding 5gm per 100 millilitres

For fruit juices and vegetable juices which contains sugar exceeding 12gm per 100 millilitres

- The Ministry of Health will expand the number of locations where smoking will be prohibited including restaurants or eateries



- The Government will strengthen national security by allocating development expenditure of **(RM5.9 billion)** to the Ministry of Defence and the Ministry of Home Affairs

STRATEGY 7:

Raising Real Disposable Income



Housing for all

- Continue to support the construction and completion of affordable homes for “Program Perumahan Rakyat, Perumahan Penjawat Awam Malaysia, Perumahan Rakyat 1 Malaysia (PR1MA) and Syarikat Perumahan Negara Bhd” (RM1.5 billion)
- A fund associate with affordable homes will be established by Central Bank of Malaysia (RM1 billion)
 - ~ To assist the lower income group earning not more than RM2,300 per month to own a house for the first-time
 - ~ To purchased affordable homes priced up to RM150,000
 - ~ The fund will be made available at

participating financial institutions namely AmBank, CIMB Bank, Maybank, RHB Bank and BSN through a concessionary financing rate as low as 3.5% per annum

- ~ The fund is available for two years or until the allocation is exhausted
- The Government will exempt stamp duty up to RM300,000 for first-time home-buyers purchasing residential properties priced up to RM500,000
 - ~ On the instrument of transfer and the loan agreement for a period of two years until December 2020
- The Government will allocate (RM25 million) to Cagamas Berhad to provide mortgage guarantees to enable borrowers to obtain higher financing from financial institutions including down payment support
 - ~ For first-time home buyers with household income of up to RM5,000 per month
- The Public Sector Housing Financing Board will extend the loan repayment period
 - ~ To assist civil servants in acquiring their homes
 - ~ The first loan repayment period from 30 to 35 years
 - ~ The second loan repayment period from 25 to 30 years

- The Government will allocate (RM400 million) for the upgrading, repair and maintenance of the police, armed forces and teachers quarters
- Exemption from SST on the construction and building materials
 - ~ The government secured the commitment from the Real Estate Housing Developers Association (REHDA) that there will be a 10% reduction in the price of houses that are not subjected to price control in new projects

Exemption from SST

10% reduction in the price of houses



- The Government will exempt stamp duty on the instrument of transfer and the loan agreement for purchases of new homes from developers valued between RM300,001 and RM1 million
 - ~ For a limited time of six months only
 - ~ It will be part of a National Home Ownership Campaign, of which developers will offer a

minimum price discount of 10% for these residential properties

- To explore new technology-enabled and innovative mechanisms to solve housing problems
 - ~ The Government will be approving private sector driven 'Property Crowdfunding' platforms serve as an alternative source of financing for first-time home-buyers
 - ~ The platforms will be regulated by the Securities Commission under the peer-to-peer financing framework
 - ~ The buyer will be able to acquire a selected property for 20% of the price of the property, while the balance 80% will be fulfilled via potential investors



Encouraging public transport adoption

- To introduce a RM100 unlimited public transport pass to be implemented initially on the rail and RapidKL bus network (**RM240 million**)
 - ~ Unlimited monthly pass of RM50 available just for the RapidKL bus services
 - ~ The campaign will be expanded to other bus companies in stages

MONTHLY PASSES FOR PUBLIC TRANSPORTATION

EFFECTIVE 1 JANUARY 2019

 <p>RM100 UNLIMITED PUBLIC TRANSPORT PASS for RapidKL rail and bus network</p>	 <p>RM50 MONTHLY PASS for RapidKL bus services only</p>
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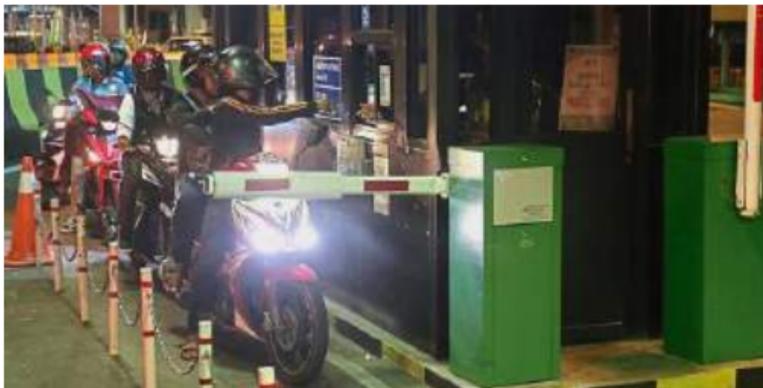
- The Kuala Lumpur City Council to provide additional free GoKL free bus services in addition to the four existing routes (**RM20 million**)

FREE GOKL BUSES

RM20 million

allocated for more free GoKL bus services

- The Government through Malaysia Development Bank (BPMB) will make available (RM500 million) for a Public Transport Loan Fund
 - ~ With a 2% interest subsidy to taxi and bus companies as well as other public transport operators
- The Government will freeze toll hikes on all intra-city tolls around the country



- The Government will also abolish toll for motorcycles for the First and Second Penang Bridge, as well as the Second Link in Johor
- To upgrade the Autogate Malaysia Automated Clearance System and M-Bike (RM10 million)
 - ~ The Government will prioritise for both the Causeway and the Second Link to Singapore
 - ~ For the easing of congestion and hardship of Malaysians and residents who travel on a daily basis

TOLLS	
EFFECTIVE 1 JANUARY 2019	
 <p>FREEZE TOLL HIKES on all intra-city tolls around the country for 2019</p> <p>COST: RM700 MILLION</p>	 <p>ABOLISH TOLL FOR MOTORCYCLES for the First and Second Penang Bridge, as well as Second Link in Johor</p> <p>COST: RM20 MILLION PER ANNUM</p>

STRATEGY 8:

Education For A Better Future



- The Education Ministry remains the single largest recipient of Budget allocation at **(RM60.2 billion)**
- A total of **(RM2.9 billion)** will be provided to help students from lower income groups in terms of food, text books and cash assistance



- The Government will allocate (RM652 million) for the purposes of maintenance of schools

Type of school	Allocation
National Schools	RM250 million
Chinese Schools (SJKC)	RM50 million
Tamil Schools (SJKT)	RM50 million
Full Boarding Schools	RM50 million
Maktab Rendah Sains Mara	RM50 million
Government Aided Religious Schools	RM50 million
Mission Schools	RM50 million
Tahfiz Schools	RM50 million
Registered Religious Pondok Schools	RM25 million
Conforming School (SMJK)	RM15 million
Independent Chinese Secondary Schools (SMPC)	RM12 million

- Eligible for tax exemption on donations to the school maintenance fund for national schools and public institutions of higher learning (IPTA) registered with the Ministry of Education
- Rebuilding of dilapidated schools throughout the country (RM100 million)
 - ~ Additional dilapidated schools will be rebuilt, funded through competitively-tendered land swaps



- Development and provision of training programs in Polytechnics and Community Colleges (RM206 million)
- Introduce Technical and Vocational Education and Training (TVET) Contestable Fund (RM30 million)
 - ~ To encourage public training institutions to bid for funds to run competitive programs with assured job placements for the graduates
 - ~ Additional (RM20 million) to raise youth competencies via TVET Bootcamps
- The Government will allocate (RM400 million) to public institutions of higher learning (IPTA) for research activities
 - ~ Includes (RM30 million) for matching grants via the Malaysia Partnerships and Alliances in Research (MyPAIR) program to promote collaborations between IPTAs with local industries and international agencies in strategic areas
- Continue to provide scholarships and loans to all Malaysians via various Ministries and Agencies (RM3.8 billion)
 - ~ Such as MARA, the Public Services Department and the Ministry of Health

- ~ Of this amount (RM2 billion) is allocated to provide scholarships for Bumiputera under MARA
- The Government will allocate (RM17.5 million) to the Malaysia Professional Accountancy Centre (MyPAC)
 - ~ To produce 600 qualified Bumiputera accountants
- The Government will allocate (RM210 million) as part of Bumiputera Empowerment Agenda
 - ~ To strengthen education and human capital development programs via “Program Perneraju Tunas, Program Perneraju Skil dan Program Perneraju Profesional” which will be managed by Yayasan Perneraju Pendidikan Bumiputera



- To ensure the sustainability of the National Higher Education Fund Corporation (PTPTN)

A progressive loan repayment schedule with a salary deduction percentage ranging from 2% to 15% of the borrowers' monthly income depending on their income level. This repayment apply to those with at least RM1,000 in monthly income

Tax deduction for companies that help settle the remaining loans of their employees for the year ending 2019

Individual tax relief for the National Education Savings Scheme (SSPN) will be increased from RM6,000 to RM8,000

Students from B40 households who have successfully obtained first class honours in their studies will enjoy a discount on their loans

Writing off the debt of those who are 60 years old and above with a monthly income of less than RM4,000. Benefiting up to 350 debtors and costing RM4.2 million

- To introduce a new program – Malaysia Future Leaders School (MFLS) (RM70 million)
 - ~ For youth ages 15 to 30 years old involving 70,000 participants
- The Government will allocate (RM100 million) to prepare athletes for the Tokyo Olympics 2020



- The Government will also allocate (RM10 million) for eSports
 - ~ Involving software engineers and gaming developers

Upholding Islam

- The allocation for Islamic affairs for both development and operating expenditures (RM1.2 billion)
 - ~ An additional (RM150 million) has been made available to carry out programmes such as building mosques and “surau” across the country
 - ~ Enhancing the “Khaira Ummah” initiative to train more professionals among the huffaz and religious learning modules using *braille*



THIRD FOCUS : TO FOSTER AN ENTREPRENEURIAL STATE

Strategies



**Unleashing The Power
Of The New Economy**



**Seizing Opportunities
In The Face Of Global
Challenges**

**Redefining The Role
Of Government In
Business**



**Ensuring Equitable And
Sustainable Economic
Growth**

STRATEGY 9:

Unleashing The Power Of The New Economy



Embracing the digital economy

- To streamline venture capital funds managed by Government agencies
 - ~ Malaysia Technology Development Corporation,
 - ~ Malaysia Debt Ventures Bhd,
 - ~ Malaysia Venture Capital Management Bhd
 - ~ Kumpulan Modal Perdana Sdn Bhd
 - ~ Cradle Fund Sdn Bhd
- The disbursement of funding will be tied to the companies ability to secure matching funds from the private sector

- Government-Linked Investment Funds will allocate **(RM2 billion)** in matching grant
 - ~ To co-invest in the private equity and venture capital funds
 - ~ Focus on strategic sectors and new growth areas for Malaysia
- Set up a Co-Investment Fund (CIF) **(RM50 million)**
 - ~ To invest alongside private investors via new alternative financing platforms involving equity crowdfunding and peer-to-peer lending



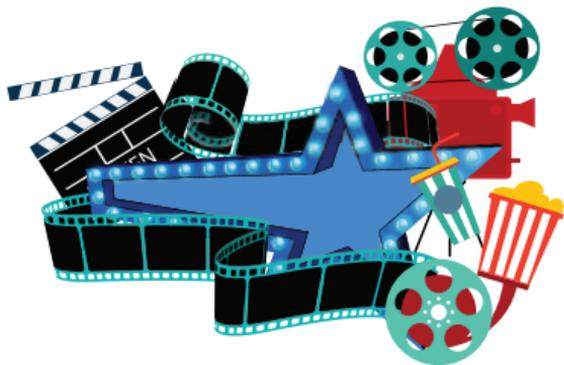
- To set up new regulatory framework to approve and monitor digital coin and token exchanges
 - ~ The Capital Markets and Services (Prescription of Securities) Order will be gazette in 2019

- To promote Malaysia as a global leader of the bond and sukuk markets

Extend the double tax deduction for additional expenditure incurred when issuing sukuk under the principles of *Ijarah* and *Wakalah*, as well as for additional expenditure incurred by the companies issuing retail bonds or sukuk, for 2 years of assessment beginning 2019

Set up special committee on Islamic Finance led by the Ministry of Finance with members from Central Bank of Malaysia and Securities Commission

- The Government will continue the Film in Malaysia Incentive (FIMI) (RM30 million)
 - ~ Khazanah Nasional Bhd will provide an allocation of (RM100 million) for FIMI specifically for film productions at the Pinewood studio in Iskandar Johor



- The Government will implement the National Fibreisation and Connectivity Plan (NFCP) (RM1 billion)
 - ~ To develop broadband infrastructure to ensure more efficient spectrum allocation to achieve the targeted 30Mbps speed at rural and remote areas in the country
 - ~ The Government has enforced the Mandatory Standards for Access Pricing (MSAP) which is expected to result in fixed broadband prices being reduced by at least 25%

Accelerating the adoption of Industry 4.0

- Support the transition and migration to Industry 4.0 (RM210 million)
 - ~ The Malaysia Productivity Corporation will carry out Readiness Assessments to assist up to 500 Small Medium Enterprises (SMEs) to migrate to Industry 4.0 technologies
- Established the Knowledge Resource for Science and Technology Excellence (KRSTE.my)
 - ~ To enable greater sharing of Research and Development (R&D) resources between public and private sector
 - ~ The Government will make available 250 facilities and 1,200 scientific equipment and research data for private sector to access and share
 - ~ To start a Researcher-Mapping program to place at least 100 public sector researchers with private sector with the cost borne by the Government
- Provide loan guarantee under the “Skim Jaminan Pembiayaan Perniagaan” (SJPP) (RM2 billion)
 - ~ To incentivise SMEs to invest in automation and modernisation

- ~ The Government will provide a guarantee of up to 70% of the amount financed
- Established Industry Digitalisation Transformation Fund under BPMB (RM3 billion)
 - ~ BPMB offering an interest subsidy of 2%
 - ~ To accelerate industry adoption of Industry 4.0 related to technologies including robotics and artificial intelligence
- Malaysian Investment Development Authority (MIDA) will continue to provide matching grants through the High Impact Fund (HIF)
 - ~ To emphasize on promoting Industry 4.0 initiatives
 - ~ This includes activities such as R&D, adoption of international certification and standards, modernisation and upgrading of facilities and tools with the latest technology
- To develop a world class aerospace industry hub in Subang
 - ~ To Khazanah Nasional Berhad will work with MARA to produce high-skilled workers to meet industry demands
- The Government propose double tax deduction
 - ~ To improve employability of graduates and the Industry 4.0 related skill competencies

For scholarships and bursaries provided by companies for students enrolled in technical and vocational training, diploma and degree courses in engineering and technology

For expenses incurred by companies related to participation in the National Dual Training Scheme for Industry 4.0 approved by the Ministry of Human Resources

For expenses incurred in carrying out structured training and internship programmes for students in the fields of engineering and technology, approved by the Ministry of Human Resources

STRATEGY 10:

Seizing Opportunities In The Face Of Global Challenges



Strengthening Small and Medium Enterprises (SMEs)

- SME fund will be made available via commercial financial institutions (**RM4.5 billion**)
 - ~ With a 60% guarantee from SJPP including RM1 billion for Bumiputera
- The corporate income tax rate will be reduced from 18% to 17%
 - ~ For SMEs with taxable income up to RM500,000 and paid-up capital of up to RM2.5 million

- The Government will encourage export through financing by the Export-Import Bank of Malaysia Berhad (EXIM Bank) (RM2 billion)
 - ~ Offering credit and takaful facilities to SMEs exporter
- Upgrading the capability of the SMEs in the halal industry (RM100 million)
 - ~ To increase exports and to make Malaysia a global halal hub
- SME Syariah Compliant Financing Scheme (RM1 billion)
 - ~ Made available via Islamic financial institutions to finance exporters of halal products
 - ~ The Government will provide a profit rate subsidy of 2%



- Permodalan Usahawan Nasional Berhad (PUNB) (RM200 million)
 - ~ For the wholesale and retail industry, as well as for the purchase of business premises to be rented to Bumiputera SMEs



- TEKUN (RM100 million)
 - ~ To finance small enterprises



- The Government will allocate (RM20 million) to initiate 'Buy Malaysian First' campaign
 - ~ To support local products and services

Facilitating the logistics and transportation sector



- The Government will allocate **(RM2.46 billion)** for upgrading and restoration works for railway tracks
 - ~ To upgrade the country's transport infrastructure



- Committed to drive the development and growth of the Kota Perdana Special Border Economic Zone in Bukit Kayu Hitam, Kedah **(RM25 million)**
 - ~ As a strategic gateway for two way trade between Malaysia and Thailand
 - ~ To develop a truck depot as an initial phase of the project

- To convert Pulau Indah into a Free Trade Zone
 - ~ To support and catalyse increased shipping and logistics activities in Port Klang
 - ~ Serve as a natural extension to the Port Klang Free Zone (PKFZ)

Value-adding the commodities sector



- The Government will implement the Biodiesel B10 program (comprising a mix of 10% palm oil) for the transportation sector and B7 for the industrial sector
- To assist smallholders to obtain the Malaysian Sustainable Palm Oil (MSPO) certification (RM30 million)
 - ~ To raise the sustainability and export competitiveness of palm oil industry

- To increase the utilisation of local rubber as a new raw material for various industrial products
 - ~ The Government will increase the use of local rubber as a composite material for the construction of roads in Malaysia to increase durability while at the same time reducing maintenance cost
 - ~ Target to use Cuplump Modified Bitumen (CMB) to builds roads, including at ports and industrial areas in stages (RM100 million)



- Continue to provide the Rubber Production Incentive (IPG) (RM50 million)
 - ~ To mitigate the impact of low rubber prices to smallholders
 - ~ The smallholders will receive supplemental income when rubber prices fall below RM2.20 per kilogram

- For agricultural sector (RM117 million)
 - ~ For R&D to increase the productivity of seeds, grains and fruits (RM47 million)
 - ~ To promote automation of the agrofood industry (RM18 million)
 - ~ To implement entrepreneurship and training programs in agriculture, including to encourage the participation of youth in the agrofood industry (RM52 million)

Boosting the tourism industry



- The Government will allocate (RM100 million) on a matching grant basis to the private sector
 - ~ For promotional and marketing campaign to increase the number of tourists to the country

- Provide tax-free facilities to Penang's Swettenham Pier in the form of duty-free shops
 - ~ To cater for its booming cruise tourism
- Pulau Pangkor as a duty free island
- SME Tourism Fund (RM500 million)
 - ~ The Government will provide a 2% interest subsidy managed by SME Bank
- Re-development and restoration of the Sultan Abdul Samad building in Kuala Lumpur
 - ~ As an arts, cultural and heritage hub
 - ~ In collaboration with local heritage company Think City Sdn Bhd accredited by United Nations Education, Scientific and cultural Organisation (UNESCO)
- Malaysia Healthcare Tourism Council (MHTC) for medical tourism (RM20 million)
 - ~ To collaborate with reputable private hospitals to enable the branding of Malaysia as a destination of choice for medical tourism



STRATEGY 11:

Redefining The Role Of Government In Business



- The Ministry of Finance will set up a Special Task Force to evaluate the role and functions of statutory bodies and companies owned by Ministry of Finance Inc.
 - ~ To reduce duplication of functions and direct competition with the private sector
 - ~ The Government will focus its expenditure and investments only in strategic sectors and areas where free markets and the private sector are not interested or unable to meet the needs of the people and economy
- The private sector can provide expertise, service quality and delivery
- The Government can make available public sector capacity, resources and infrastructure to the private sector

STRATEGY 12:

Ensuring Equitable And Sustainable Economic Growth



Ensuring balanced development

- To build and upgrade roads, rural roads and bridges (RM926 million)
- To broaden the electricity (RM694 million) and water supply (RM738 million) to rural areas.



- Upgrading and maintaining basic infrastructure such as roads, community halls and open spaces to New Villages (RM85 million)



- To support Indian community (RM100 million)
 - ~ Including TVET to improve the career advancement opportunities of the Indian youth
- To strengthen the development of Orang Asli communities (RM100 million)
 - ~ Through the construction and upgrading of infrastructure for supply of water, relocation, education, welfare and economic development
- Residents' associations registered with the Registrar of Societies (RM20 million)
 - ~ To carry out community, security, cleaning and community activities

- For FELDA settlements (RM295 million)
 - ~ To upgrade roads (RM100 million)
 - ~ Carry out water supply projects (RM160 million)
 - ~ Building construction and upgrading works as well as installation of street lights (RM35 million)



- The Government will ensure continued development of Sabah and Sarawak
 - ~ (RM5,009 million) for Sabah
 - ~ (RM4,346 million) for Sarawak
 - ~ Continue to implement the Pan Borneo Highway project subject to a cost rationalisation exercise
 - ~ Include the construction and upgrading of water supply, electricity supply and infrastructure, health and education facilities as well as development of the respective economic corridors

Women in the workforce

- Set up additional 50 childcare facilities in Government buildings (RM10 million)
- Increasing the participation of women in line with the 30% target at leadership and decision-making levels in companies and organisations
- Encourage higher women participation among the public listed companies



Environment and energy for the future

- To protect and expand forest and marine reserves under the purview of State Government (RM60 million)
- The Government will take steps to list two National Park as UNESCO World Heritage Sites
 - ~ Forest Research Institute Malaysia (FRIM)
 - ~ Forest Park in Selangor
 - ~ Royal Belum Perak

- Micro-grants to implement community-led programmes in collaboration with the United Nations Development Program (UNDP)
(RM5 million)
 - ~ To manage and protect the environment towards fostering the economic development of Orang Asli and Orang Asal
- The Government proposes to provide tax incentive to companies which produces environmentally-friendly plastics based on bio-resin and biopolymer materials
 - ~ Pioneer Status incentive of 70%
 - ~ Investment tax allowance of 60%
- Green Technology Financing Scheme (GTFS)
(RM2 billion)
 - ~ To incentivise investments in green technology
 - ~ The Government will subsidise the interest cost by 2% for 5 years
- BPMB will provide a Sustainable Development Financing Fund (RM1 billion)
 - ~ To support Agenda 2030 for Sustainable Development
 - ~ The Government will provide an interest subsidy of 2% as an incentive

PROVISION FOR ENFORCEMENT AGENCIES AND CIVIL SERVANTS

- The Government is allocating (RM286.8 million) to the Malaysia Anti-Corruption Commission (MACC)
 - ~ For its operating expenses
 - ~ The labour resources will be increased by 100 personnel to ensure that the MACC has all the necessary resources and manpower to combat corruption in both private and public sector
- The Government is giving a bonus of RM500 for grades 54 civil servants and below
- For Government pensioners, a bonus of RM250 will be paid





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