



TOUCHPOINTS
AND
11 RECALIBRATION
MEASURES

**2016
BUDGET**

Prospering the Rakyat



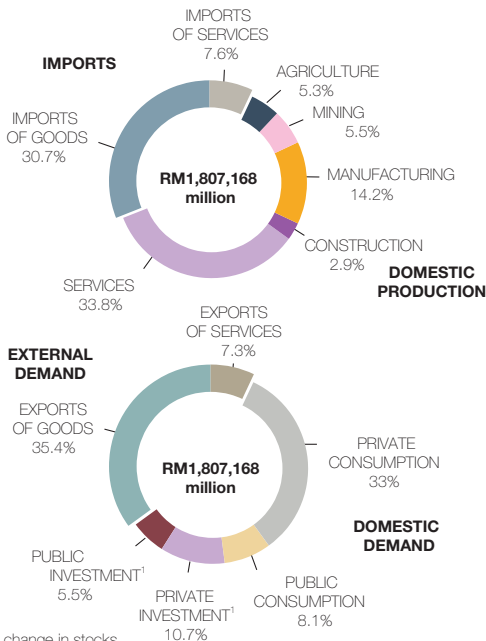
Dato' Sri Mohd Najib Tun Haji Abdul Razak

Prime Minister and Minister of Finance

“The budget presented today represents a manifestation of the 11th Malaysia Plan. This is the first in a series of five Budgets, until our beloved nation transforms into a High-Income Advance Economy. Insya Allah”

OUR ECONOMY 2016

AT CONSTANT 2010 PRICES

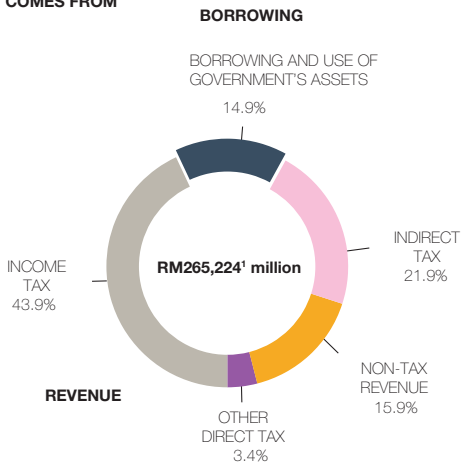


¹ Include change in stocks

Source : Ministry of Finance, Malaysia

FEDERAL GOVERNMENT BUDGET 2016

WHERE IT COMES FROM



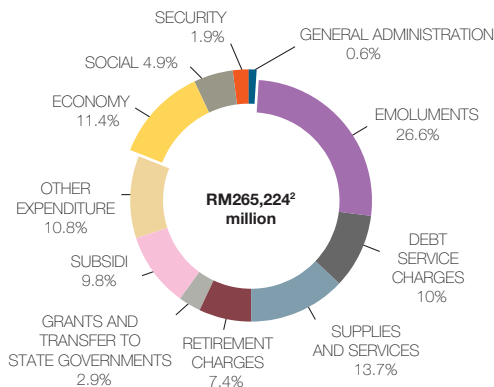
¹ Include revenue, borrowing and use of Government's assets

² Exclude contingency reserves

Source : Ministry of Finance, Malaysia

**WHERE IT
GOES**

**DEVELOPMENT
EXPENDITURE**



**OPERATING
EXPENDITURE**

2016 BUDGET

PROSPERING THE RAKYAT

5 PRIORITIES

- | | |
|---|--|
| 1 | Strengthening Economic Resilience |
| 2 | Increasing Productivity, Innovation and Green Technology |
| 3 | Empowering Human Capital |
| 4 | Advancing Bumiputera Agenda |
| 5 | Easing Cost of Living of the Rakyat |

ECONOMIC PERFORMANCE AND PROSPECTS

GDP (2015) : 4.5% to 5.5%;
GDP (2016) : 4.0% to 5.0%

Fiscal Deficit 2016: 3.1% ;
Fiscal Deficit 2015: 3.2%

Federal Government Revenue 2015 : RM222.5 billion

Federal Government Revenue 2016 : RM225.7 billion

2016 Allocation

RM267.2 billion



Operating Expenditure
RM215.2 billion

Development Expenditure
RM50 billion

Contingency Reserve
RM2 billion

GST COLLECTION AND OIL-RELATED REVENUE

	2014	2015		2016
	Actual Brent (USD99)	Budget Brent (USD100)	Rev (ER) Brent (USD50)	Budget Brent (USD48)
RM in Million				
Oil Revenue	66,274	62,428	43,872	31,718
<i>o/w PITA</i>	26,956	25,600	9,529	9,331
PETRONAS Dividend	29,000	27,000	26,000	16,000
GST/SST	17,216	31,608	34,635	39,000
SST	17,216	4,608*	7,635*	-
GST	-	27,000**	27,000**	39,000
TOTAL	83,490	94,036	78,507	70,718
Change in net revenue (y-o-y)	n.a	10,546	-4,983	-7,789

* SST (Jan-March 2015)

** GST (April-Dec 2015)



IMPROVING THE GOODS AND SERVICES TAX (GST)

1. Zero-rated GST for all types of Controlled Medicines totaling 8,630 under the Poisons List Group A, B, C and D including 30 types of illness such as cancer, diabetes, hypertension and heart disease
2. Additional GST zero-rated goods proposed:
 - Soybean and organic-based infant and children milk formula;

- Dhal (Parpu) such as chickpeas, green and and white beans
 - Lotus root and water chestnut
 - Mustard seeds
 - Brown sugar
 - Dry mee kolok
3. Annual sales turnover threshold for registration of Flat Rate Scheme under GST for small-scale farmers is reduced from RM100,000 to RM50,000
- Small-scale farmers can impose an additional 2% on sales value
4. MRO companies are allowed to participate in the Approved Trader Scheme and exempted from paying GST on imported goods

5. GST relief for reimportation of goods which were exported temporarily for the purpose of promotion, research or exhibition
6. GST relief on oil and gas industries qualified reimport of equipment which was temporarily exported for the purpose of rental and lease such as oil platform equipment and floating platforms
7. GST relief for the procurement of teaching materials and equipment by skills and vocational training providers under the National Skills Development Act 2006
8. Rebates equivalent to the amount of GST paid on prepaid mobile phones cards will be credited directly to consumers for activation effective from 1 January 2016 to 31 December 2016



STRENGTHENING THE INCOME TAX STRUCTURE

9. Introduce new bands of taxable income:

INCOME BAND	EXISTING RATE	NEW RATE
RM600,001 - RM1,000,000	25 %	26 %
> RM1,000,000	25 %	28 %



1

First Priority

STRENGTHENING ECONOMIC RESILIENCE

BOOSTING DOMESTIC INVESTMENT

INVIGORATING CAPITAL MARKET

ENERGISING SMALL AND MEDIUM ENTERPRISES (SMEs)

IMPROVING INFRASTRUCTURE

EFFICIENT PUBLIC TRANSPORT SYSTEM

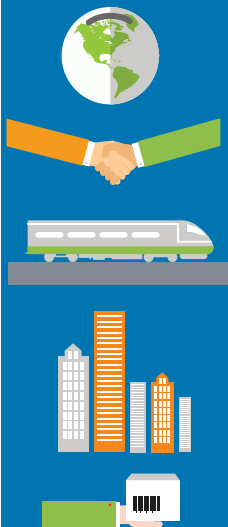
UPGRADING TELECOMMUNICATION INFRASTRUCTURE

RURAL INFRASTRUCTURE DEVELOPMENT

PROMOTING TOURISM SECTOR

MODERNISING AGRICULTURE SECTOR

STRENGTHENING EXPORTS



BOOSTING DOMESTIC INVESTMENT

The contribution of domestic investment to GDP is estimated at 26.7% in 2016

10. Development of the Malaysian Vision Valley – **RM5 billion**

- Covering 108,000 hectares from Nilai to Port Dickson

11. Implementation of Cyber City Centre in Cyberjaya – **RM11 billion**

12. Development of KLIA Aeropolis covering 1,300 acres – **RM7 billion**

13. High-impact domestic projects by Khazanah Nasional Berhad – **RM6.7 billion**

- Healthcare, education, tourism, communication software and infrastructure

14. Khazanah allocates **RM500 million** for venture capital and private equity fund including tourism capital venture fund of **RM50 million**

15. RAPID Complex Project in Pengerang, Johor - **RM18 billion**

16. Investment in economic corridors – Development of Rubber City, Kedah **(RM320 million)**, Samalaju Industrial Park, Sarawak **(RM142 million)** and Palm Oil Jetty in Sandakan, Sabah **(RM20 million)**

17. Various Funds under MIDA – **RM730 million**

- Focus on chemical, electrical and electronics, machinery and equipment, aerospace and medical devices Industries as well as services

18. Special Reinvestment Allowance in selected manufacturing and agriculture sectors for existing companies

- The rate of claim is at 60% of the qualifying capital expenditure and allowed to be set off against 70% of statutory income from year of assessment 2016 to 2018

INVIGORATING CAPITAL MARKET

19. Tax deduction on issuance costs of Sustainable and Responsible Investments (SRI) sukuk and 20% stamp duty exemption on Shariah-compliant loan instruments to finance the purchase of houses

ENERGISING SMALL AND MEDIUM ENTERPRISES (SMEs)

SMEs Expected to contribute 41% of GDP by 2020

20. Shariah-Compliant SME Financing Scheme until 31 December 2017

- The Government to subsidise 2% of the financing profit rate

21. Implement the SME Blueprint – **RM107 million**
- Provide funds at various stages of business development
22. Strengthen competitiveness of entrepreneur – **RM60 million**
- Entrepreneurs Acceleration Scheme
 - SME Capacity and Capability Enhancement Scheme
23. Establish the SME Technology Transformation Fund under SME Bank to provide soft loans at 4% – **RM200 million**
24. Expand the Small Retailer Transformation Programme (TUKAR) and Automotive Workshop Modernisation (ATOM) Project – **RM18 million**

IMPROVING INFRASTRUCTURE

Malaysia ranked 25th out of 160 countries – 2014 World Bank Logistics Performance Index Report

25. Logistics infrastructure projects, include :

- Build and improve the rail transport network and highways
- Jalan Tun Razak Traffic Dispersal Project – **RM900 million**
- Feasibility study for the construction of a coastal highway from Masjid Tanah – Klebang – Jambatan Syed Abdul Aziz in Melaka
- Construction of Mukah Airport, Sarawak and upgrade airports in Kuantan, Pahang and Kota Bharu, Kelantan – **RM42 million**
- Feasibility study for the extension of Batu Berendam Airport runway in Melaka



EFFICIENT PUBLIC TRANSPORT SYSTEM

26. The Ampang – Putra Heights LRT line extension (complete March 2016), the Kelana Jaya – Putra Heights LRT line extension (complete mid-2016) – **RM10 billion**

27. The Sungai Buloh – Kajang Mass Rapid Transit Project (51 km) – **RM 32 billion**

- Phase 1 Sungai Buloh – Semantan will be ready in December 2016
- Phase 2 Semantan – Kajang will be completed by mid-2017

28. MRT II project from Sungai Buloh – Serdang – Putrajaya, spanning 52km

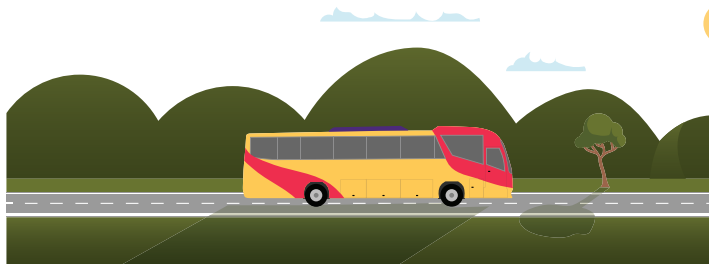
- Benefit two million people with an estimated cost of **RM28 billion**
- Construction to begin in second quarter of 2016 and to be completed in 2022

29. LRT3 project from Bandar Utama, Damansara – Johan Setia, Klang - 36km

- Benefit two million people with an estimated cost of **RM10 billion**
- Construction to begin next year and to be completed in 2020

30. Negotiations on High-Speed Rail are ongoing with the Singapore Government

31. Implementation of the KL-Klang Rapid Transit Bus (BRT) project (**RM1.5 billion**) and Kota Kinabalu BRT (**RM1 billion**)



UPGRADING TELECOMMUNICATION INFRASTRUCTURE

32. The rural broadband projects, National Fibre Backbone Infrastructure, High-Speed Broadband and undersea cable system under Malaysian Communications and Multimedia Commission – **RM1.2 billion**
33. National broadcasting digitalisation project to enhance the quality of audio visual, provide value-add to TV content and interactive data transactions – **RM250 million**

RURAL INFRASTRUCTURE DEVELOPMENT

34. Infrastructure development programme

- Build and upgrade 700km rural roads – **RM1.4 billion**
- Upgrade roads in FELDA settlements – **RM200 million**
- Rural Electrification Project covering 10,000 houses – **RM878 million**
- Rural Water Supply Project covering 3,000 houses – **RM568 million**
- Social Amenities Programme particularly drainage projects – **RM60 million**

35. Programmes for entrepreneurs in rural areas

- Rural Business Challenge and Sustainable Rural programme – **RM70 million**
- MARA Bus Transport Project for uneconomic rural routes – **RM67 million**

PROMOTING TOURISM SECTOR

36. A target of 30.5 mil tourists in 2016, which are expected to contribute **RM103 billion** to the economy

37. Implement online visa applications beginning with for seven countries

- China, India, Myanmar, Nepal, Sri Lanka, US and Canada

38. 100% income tax exemption on statutory income for tour operators extended from year of assessment 2016 until 2018

MODERNISING AGRICULTURE SECTOR

39. Various high-impact programmes
– **RM450 million**


- Fruit and vegetable cultivation, matching and research grants for herbal products as well as fish cage farming

40. Upgrade drainage and irrigation infrastructure in the Integrated Agricultural Development Areas – **RM180 million**

41. Price Reduction Programme, additional 50 farmers' market and establish 150 new Agrobazaar Rakyat 1Malaysia – **RM190 million**

42. Youth Agropreneur Development Programme and Agriculture Entrepreneurs Financing Fund – **RM70 million**





43. Rebranding of MARDI, Department of Veterinary Services, Department of Agriculture and the Department of Fisheries and implement the Multiplier Farm Project to increase the rearing of cattle and free-range chicken farms – **RM20 million**

44. Extend tax incentives for food production activities until 2020

- The scope extended to rearing deer, cultivation of mushroom, coconut, seaweed, honey bees and stingless honey bees as well as planting animal feed crops such as sweet potato and tapioca

STRENGTHENING EXPORTS

45. 1Malaysia Promotion Programme, Services Export Fund and the Export Promotion Fund under MATRADE – **RM235 million**

46. Diversify the use of foreign currency in trade transactions

- Ringgit-Renminbi credit swap facility for local banks

47. Relaxation of conditions to SMEs to claim income tax exemption of value of increase in exports for manufactured products for years of assessment 2016 to 2018

48. Introduce tax incentive to companies which conduct Independent Conformity Assessment Body activities beginning next year.

- Reduce the evaluation services and international standards compliance cost for local products



2

Second Priority

INCREASING PRODUCTIVITY, INNOVATION AND GREEN TECHNOLOGY



BOOSTING INNOVATION AND ENTREPRENEURSHIP

49. SMEs that incur expenditure on R&D projects up to RM50,000 will be eligible for automatic double tax deduction for year of assessment 2016 to 2018

50. Implement various projects under the Malaysian Innovation Agency (AIM) –
RM100 million

51. Technology and Innovation Acceleration Funding Scheme by Malaysia Debt Ventures Berhad – **RM200 million**

52. Various programmes under MaGIC and provide initial allocation for Corporate Entrepreneurs Responsibility Fund – **RM35 million**

53. Various youth entrepreneurship programmes – **RM30 million**

- Global Entrepreneurship Community, BAHTERA, GREAT, 1MET, National Innovation Competition and Pilot Coding Project in schools.

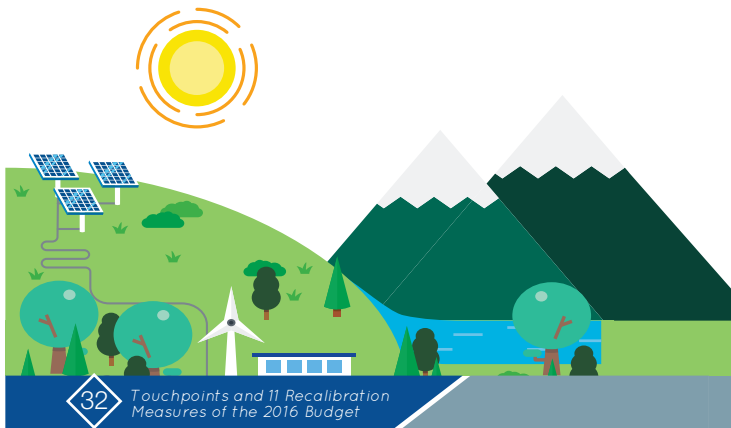
54. To accelerate demand driven innovation activities through Public-Private Research Network – **RM50 million**



LEVERAGING ADVANCEMENTS IN TECHNOLOGY

55. Promote the use of Industrialized Building System (IBS);

- IBS Promotion Fund – **RM500 million** under the SME Bank to provide soft loans to developers and contractors in category G5 and below





INCULCATING GREEN TECHNOLOGY

56. Various programmes under KeTTHA – **RM2 billion**

- Clean water supply including to build water treatment plants – **RM877 million**
- Ensure the reliability of electricity supply in Sabah – **RM515 million**

57. Implement Electricity Mobility Action Plan including energy audit process – **RM45 million**

58. Introduce Net Energy Metering scheme to encourage the use of solar photovoltaics (PV). A quota of 100 megawatts per year will be offered by Sustainable Energy Development Authority (SEDA)

59. Extend the implementation period of the Green Technology Financing Scheme until 31 December 2017 with an allocation of **RM1.2 billion**

3

Third Priority

EMPOWERING HUMAN CAPITAL

STRENGTHENING MALAYSIA'S
QUALITY OF EDUCATION

INCREASING PROFICIENCY IN
BAHASA MALAYSIA AND ENGLISH

STRENGTHENING HIGHER EDUCATION

TRANSFORMING TECHNICAL AND
VOCATIONAL EDUCATION AND
TRAINING (TVET)

SCHOOLING AND FOOD ASSISTANCE

MAINTAINING EDUCATION FACILITIES

EMPOWERING YOUTH, COMMUNITY AND NGOS

IMPROVING QUALITY OF THE WORKFORCE



*Touchpoints and 11 Recalibration
Measures of the 2016 Budget*

35

STRENGTHENING MALAYSIA'S QUALITY OF EDUCATION

60. Build 30 primary and 27 secondary schools, four MRSM and five fully residential schools.

61. Various programmes in 9,113 pre-school classes – **RM44.6 million**

INCREASING PROFICIENCY IN BAHASA MALAYSIA AND ENGLISH

62. Upholding Bahasa Malaysia and Strengthening the English Language programme - **RM135 million**

63. Implement Dual Language and Highly Immersive Programmes – **RM39 million**

SCHOOLING AND FOOD ASSISTANCE

64. Schooling assistance of RM100 to primary and secondary school students

- Household income of RM3,000 and below
- Will be disbursed starting January 2016, benefit 3.5 million students – **RM350 million**

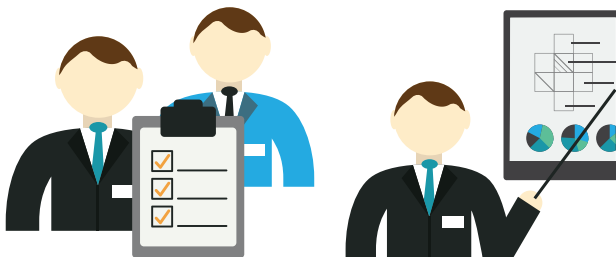
65. Supplementary food assistance for students from poor families listed in e-Kasih which will benefit 550,000 students

- Breakfast **(RM173 million)** and meals during recess **(RM250 million)**

DEVELOPING AND MAINTAINING EDUCATION FACILITIES

66. Develop and maintenance of education facilities in safety and learning environment aspects – **RM500 million**

- National schools
- National-type Chinese schools
- National-type Tamil schools
- Religious schools



- Fully residential schools
- National religious assisted schools
- MARA Junior Science Colleges (MRSM))
- Registered Sekolah Pondok
- National-type Chinese secondary schools (Conforming schools) which adopt the national curriculum



STRENGTHENING HIGHER EDUCATION

67. Various scholarship programmes among others, JPA (**RM1.65 billion**), KPM (**RM288 million**), KPT (**RM250 million**) and KKM (**RM258 million**)

68. Increase the maximum relief on tuition fees for individual taxpayer to **RM7,000** from RM5,000 a year

69. Continue the RM250 1Malaysia Book Voucher Programme benefiting 1.2 million students – **RM300 million**

1Malaysia
Book
Voucher



TRANSFORMING TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING (TVET)

By 2020, 60% of 1.5 million new jobs are targeted for workers with TVET skills

70. Establishment of the Industry Skills Committee to coordinate TVET programme in collaboration with industries

71. Among the TVET programmes are:

- Provide TVET training equipment at Polytechnics, Community Colleges, MARA Skills Institutes, IKBN, ILP, GiatMARA and Vocational Colleges – **RM585 million**
- Skills Development Fund Corporation to finance various TVET programmes – **RM350 million**
- Establish a Tourism Academy at Community College in Kota Kinabalu and Vocational College in Sandakan as well as Industrial Training Institute in Serian, Sarawak – **RM80 million**

EMPOWERING YOUTH, COMMUNITY AND NGOS

- 72. Technical and vocational training in National Youth Skills Training Institutes (IKBN) and National Youth Advanced Skills Training Institutes (IKTBN) – **RM280 million**
- 73. Enhance youth participation in economic and entrepreneurial activities – **RM50 million**
- 74. Prepare athletes for the 29th SEA Games and the 9th ASEAN Para Games in 2017 in Kuala Lumpur – **RM145 million**
- 75. Podium Development Programme for Preparation of Elite Athletes – **RM75 million**
- 76. Build two sports complexes in Bagan Datoh, Perak and Kuantan, Pahang – **RM22 million**

77. The National Service Training Programme (PLKN) will benefit 20,000 trainees – **RM360 million**

- The new curriculum will include new elements such as creative thinking and technical skills

78. Programmes based on community development, solidarity, social welfare, health and safety – **RM160 million**



IMPROVING QUALITY OF THE WORKFORCE

79. 30% of HRDF to implement

- Training programmes to meet the needs of local industries in Sabah and Sarawak
- An Outplacement Centre to retrain retrenched workers

80. Training for 15,000 participants through SL1M - **RM250 million**

81. Train and Replace Programme to train local workers in selected areas such as hospitality, shipping and transport – **RM77 million**

4

Fourth Priority

ADVANCING BUMIPUTERA AGENDA

EMPOWERING BUMIPUTERA

INTENSIFYING DEVELOPMENT IN
SABAH AND SARAWAK



*Touchpoints and 11 Recalibration
Measures of the 2016 Budget*

45

EMPOWERING BUMIPUTERA

82. Implement various programmes under TERAJU – **RM150 million**

- Bumiputera Entrepreneurs Startup Scheme and High Performing Bumiputera Companies Programme

83. *Peneraju Tunas, Peneraju Profesional dan Peneraju Skil dan Iltizam* programmes under Bumiputera Education Steering Foundation – **RM150 million**

84. MARA sponsorship for 72,000 Bumiputera students to continue studies at tertiary level

85. Increase equity ownership and strengthen Bumiputera entrepreneurship and businesses

- Ekuinas (**RM400 million**), PUNB (**RM250 million**), PHB (**RM150 million**)
- Development of Kampung Baru Kuala Lumpur (UDA Holdings) – **RM100 million**

INTENSIFYING DEVELOPMENT IN SABAH AND SARAWAK

86. Construction of Pan-Borneo Highway (PBH) – toll free

- PBH Sarawak (1,090 km) expected to be completed in 2021 - **RM16.1 billion**
- PBH Sabah from Sidumin to Tawau (706 km) – **RM12.8 billion**

87. Economy class on Rural Air Services is exempted from GST

88. Interest free loans under BSN – **RM70 million**

- Build long houses with a maximum loan up to **RM50,000** for every unit

89. Increase food supply and income of hill paddy farmers through allocation of subsidy on hill paddy fertiliser – **RM70 million**

90. 1 Price 1 Sarawak and 1 Price 1 Sabah programmes – **RM260 million**

91. Special Programme for Bumiputera in Sabah and Sarawak, such as for native customary rights, including mapping procedures in Sabah (**RM20 million**) and in Sarawak (**RM30 million**) as well as for native courts. – **RM115 million**

92. Enhance services of 1Malaysia Mobile Clinics in the rural areas of Sabah and Sarawak including procurement of new boats and vehicles

5

Fifth Priority

EASING COST OF LIVING OF THE RAKYAT

- RAISING LIVING STANDARDS OF B40 HOUSEHOLDS
- ASSISTANCE FOR PADDY FARMERS, SMALLHOLDERS AND RUBBER TAPPERS
- PROVIDING AFFORDABLE HOUSES
- QUALITY HEALTHCARE SERVICES
- STRENGTHEN THE SOCIAL SAFETY NET SYSTEM
- STRENGTHENING NATURAL DISASTER MANAGEMENT
- PUBLIC SAFETY AND SECURITY
- APPRECIATING CONTRIBUTION OF CIVIL SERVICE
- BANTUAN RAKYAT 1MALAYSIA (BRIM)
- INCREASE DISPOSABLE INCOME OF M40
- INCREASING THE MANDATORY CONTRIBUTIONS TO SOCSO
- INCREASING MINIMUM WAGE
- SPECIAL PAYMENTS



Touchpoints and 11 Recalibration Measures of the 2016 Budget

RAISING LIVING STANDARDS OF B40 HOUSEHOLDS

93. Increase involvement in entrepreneurship and expand existing business through TEKUN – **RM600 million**

- RM500 million for Bumiputera entrepreneurs; and RM100 million for 10,000 Indian entrepreneurs through Indian Community Development Scheme

94. SME Bank to provide **RM50 million** to assist small-scale Indian entrepreneurs

95. Micro-financing facility by Amanah Ikhtiar Malaysia (AIM)

- Additional RM200 million new funds

96. Socio-Economic Development of Indian Community Programme – **RM100 million**

- This programme is in collaboration between NGOs and private skills training institutes

97. An additional **RM90 million** for:

- Microcredit to Chinese hawkers and petty traders including KOJADI
- Infrastructure projects and soft loans to residents of Chinese New Villages for land premium payments and repairing houses

98. Career and Skills Training Programme as well as Income Increment Programme under KKLW – **RM50 million**

99. Assist B40 to get jobs and start businesses – **RM100 million**

- The programme is in collaboration between NGOs and private skills training institutions

100. Progress of the Orang Asli

- Development of Integrated Villages – construction of connecting roads, provision of electricity and treated water – **RM80 million**
- Supplementary food assistance, pocket money and school transport fares – **RM45 million**
- Orang Asli Economic Development Projects – for the development of rubber and oil palm plantations as well as cash crops – **RM25 million**

101. Expand eRezeki and eUsahawan programmes nationwide with an allocation of **RM100 million** financed by KKMM

- Targets 100,000 people from B40 group to increase their employment and income

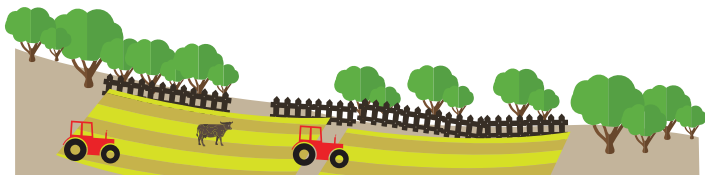


ASSISTANCE FOR PADDY FARMERS, SMALLHOLDERS AND RUBBER TAPPERS

102. Various income and productivity enhancement programmes under RISDA and FELCRA – **RM852 million**

103. Improve Rubber Production Incentive (IPG)– **RM200 million**

- Increase the IPG activation price
 - » SMR20 FOB from RM4.60 to **RM5.50** per kilogramme
 - » Scrap rubber or cuplumps from RM1.75 to **RM2.20** per kilogramme at farm price
- To benefit 300,000 smallholders



104. Implement a paddy grading initiative and improve the Paddy Price Subsidy Scheme or SSHP from 1 January 2016

- Paddy grading is based on standardisation of paddy prices at **RM1,200** per metric tonne
- raise the rate of SSHP from RM248.10 to **RM300** for every metric tonne
- To benefit 155,000 paddy farmers

PROVIDING AFFORDABLE HOUSES

105. House ownership programmes

HOUSING SCHEME	INFO
PR1MA	<ul style="list-style-type: none">• 175,000 unit under construction and 10,000 units are expected to be completed in 2016• Sold at 20% below market prices (House price : RM100,000-RM400,000)

HOUSING SCHEME	INFO
SPNB	<ul style="list-style-type: none"> • 10,000 units of <i>Rumah Mesra Rakyat</i> • A subsidy of RM20,000 for each house (House price: RM65,000)
PPA1M	<ul style="list-style-type: none"> • 100,000 units by 2018 • A Facilitation Fund up to 25% of development cost is provided (House price: RM90,000 - RM300,000)
PPR	<ul style="list-style-type: none"> • Build 22,300 units of apartments and 9,800 units of terrace houses • (House price : RM35,000 (Peninsular) and RM42,000 (Sabah and Sarawak))
First Home Deposit Financing Scheme	<ul style="list-style-type: none"> • Provide deposit to assist first time house buyers of affordable house

HOUSING SCHEME	INFO
Transit Oriented Development	<ul style="list-style-type: none"> • 5,000 units of PR1MA and PPA1M houses • In 10 locations in the vicinity of LRT and monorail
Orang Asli	<ul style="list-style-type: none"> • 1,500 units (House price : RM40,000)
Housing for Second Generation of Settlers	<ul style="list-style-type: none"> • 20,000 units by FELDA (Maximum price : RM70,000) • 2,000 units by FELCRA • 2,000 units by RISDA
Government Linked Companies (GLCs)	<ul style="list-style-type: none"> • 4,600 units (Sime Darby Property) • 800 units (Kwasa Land)



106. Reviving abandoned low and medium-cost private housing projects by KPKT– **RM40 million**

107. Exemption on stamp duty for financing instruments to contractors who revive the project as well as the original purchaser of the abandoned house

108. Build and repair 11,000 dilapidated houses in rural areas by KKLW– **RM150 million**

109. Maintenance of low-cost public housing and 1Malaysia Maintenance Fund by KPKT that provides 100% financing for the repair of lifts, railings as well as rewiring – **RM155 million**



QUALITY HEALTHCARE SERVICES

110. Among the projects to improve access to healthcare services are:

- Build five hospitals in Cyberjaya, Kemaman, Maran, Pasir Gudang and Pendang
- Kuala Lumpur Women and Children's Hospital to commence operations in October 2016 – **RM848 million**
- Redevelopment of Kajang Hospital
- Build and upgrade rural clinics, health clinics, and dental clinics as well as quarters – **RM260 million**
- 328 existing and 33 new 1Malaysia Clinics – **RM52 million**
- Provide medical assistance including haemodialysis which is expected to benefit 10,000 poor patients – **RM72 million**

- Supply of medicines, consumables, vaccine and reagents to all Government hospitals and clinics – **RM4.6 billion**

111. Full medical charges on non-citizens beginning 1 January 2016

- Non-citizens are no longer eligible for medical subsidies



STRENGTHEN THE SOCIAL SAFETY NET SYSTEM

112. Monthly allowances for PWD which benefit 150,000 PWD – **RM445 million**

- Employed PWD workers **(RM350)**, unemployed PWD **(RM200)** and bedridden PWD **(RM300)**

113. Establish an additional 20 Community-Based Rehabilitation Centres (PDK) totaling 528 PDK which benefit 22,000 PWD – **RM100 million**

114. Monthly financial assistance for children from poor families (RM100 to RM450 monthly) and for poor senior citizens (RM300 monthly) – **RM662 million**



Monthly allowances

150,000 PWD



20 units

Community-Based Rehabilitation Centres (PDK)



*Touchpoints and 11 Recalibration
Measures of the 2016 Budget*

61

STRENGTHENING NATURAL DISASTER MANAGEMENT

115. Establishing the National Disaster Management Agency and Civil Defence Force programme – **RM180 million**

116. Flood Mitigation Project nationwide – **RM730 million**

117. The National Flood Forecasting and Warning Programme and develop a National Earthquake and Tsunami Sub-Centre in Sabah – **RM60 million**

PUBLIC SAFETY AND SECURITY

118. Malaysian Armed Forces (ATM):

- Procurement of six Littoral Combatant Ship, Very Short Range Air Defence, armoured vehicles and the A-400M Airbus
- The use of Unmanned Airborne System and Maritime Patrol Aircraft to improve Intelligence, Surveillance and Reconnaissance capacity
- ESSCOM armed forces camp in FELDA Sahabat, Lahad Datu, Sabah – **RM523 million**
- 4,000 quarters for ATM personnel – **RM160 million**
- LTAT to build 2,000 units of affordable houses for ATM personnel

119. The Malaysian Maritime Enforcement Agency – **RM864 million**

- Among others for Acquisition of Offshore Patrol Vessel and patrol boats

120. Enhance public safety and security in the country - **RM13.1 billion**

- Build two new district police headquarters (IPD) in Lawas and Kota Kinabalu while 10 IPD and five police stations are under construction – **RM155 million**
- Build 2,000 units of affordable houses for members of PDRM
- Build offices, quarters and upgrade immigration detention depots– **RM36 million**
- Enhance security measures in prisons – **RM50 million**
- Safe City Programme in 60 black areas, providing pedestrian walkways and lighting in selected areas – **RM20 million**
- Additional 500 motorcycles for the patrolling unit of PDRM and another 500 units of patrolling cars – **RM35 million**

APPRECIATING THE CONTRIBUTION OF CIVIL SERVICE

121. Improving the civil service effective 1 July 2016 – **RM1.4 billion**

- Provide one annual salary increment, benefiting 1.6 million civil servants
- Improve 252 schemes of service which will benefit 406,000 civil servants
- Set a minimum starting salary in the civil service at **RM1,200** a month, benefiting 60,000 civil servants
- Set the minimum pension rate at **RM950** a month, benefiting 50,000 pensioners with at least 25 years of service
- Offer permanent post to contract of service officers who have at least 15 years of service, benefiting 10,000 contract officers

BANTUAN RAKYAT 1MALAYSIA (BR1M)

122. Program Bantuan Rakyat 1Malaysia (BR1M) benefits 4.7 million households and 2.7 million single individuals – **RM5.9 billion**

123. A new category is introduced for all participants in the e-Kasih database

124. Distribution of BR1M

CATEGORY	MONTHLY INCOME	BR1M VALUE
HOUSEHOLD	RM3,000 and below	RM1,000 (2015: RM950)
	RM3,001 - RM4,000	RM800 (2015: RM750)
INDIVIDUAL	RM2,000 and below	RM400 (2015: RM350)
eKasih	RM1,000 and below	RM1,050

125. Continue the Bereavement Scheme – **RM1,000** to benefit the next of kin of BR1M recipients in the household category

INCREASE DISPOSABLE INCOME OF M40

Households income between RM3,860 - RM8,320

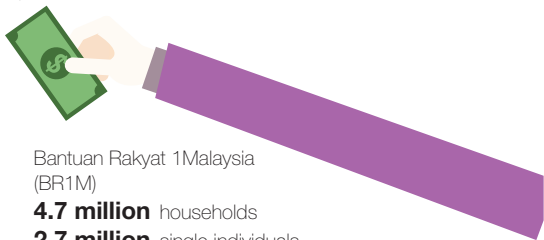
126. Increase the tax relief to **RM2,000** from RM1,000 for each child under the age of 18 years from year of assessment 2016

127. Increase the tax relief to **RM4,000** from RM3,000 for individual taxpayers whose spouse does not have an income

128. Introduce a new tax relief of **RM1,500** for a taxpayer's mother and **RM1,500** for the father to ease expenditure in caring for parents
129. Increase tax relief from RM6,000 to **RM8,000** for each child above the age of 18 years who is studying at local or foreign institutions of higher learning, from year of assessment 2016
130. Increase tax relief from RM6,000 to **RM8,000** for disabled child above the age of 18 years who is studying at local or foreign institutions of higher learning, from year of assessment 2016

INCREASING THE MANDATORY CONTRIBUTIONS TO SOCSO

131. Eligibility for mandatory contribution is increased from a monthly salary of RM3,000 to **RM4,000** benefiting 500,000 workers



Bantuan Rakyat 1Malaysia
(BR1M)

4.7 million households

2.7 million single individuals



INCREASING MINIMUM WAGE

132. Raise minimum wage effective 1 July 2016 in all sectors except domestic services or maids

- Peninsular : **RM1,000** a month
- Sabah, Sarawak and Wilayah Persekutuan Labuan : **RM920** a month

SPECIAL ASSISTANCE

133. Special payments will be made in January 2016 – **RM1 billion**

- **RM500** to 1.6 million civil servants
- **RM250** to 700,000 government pensioners

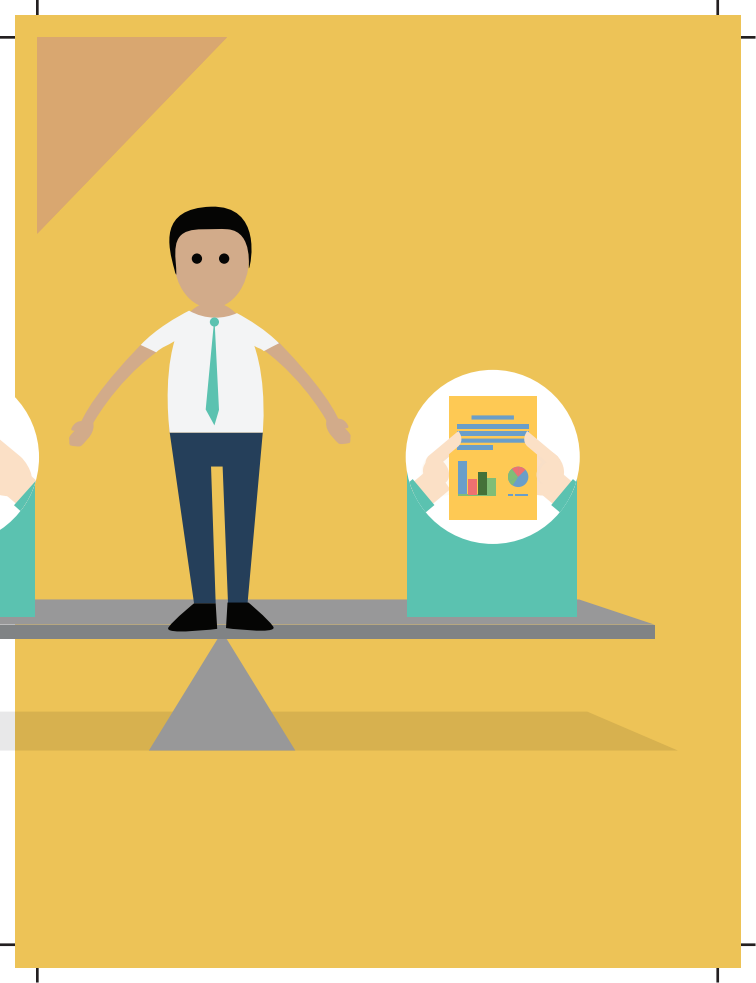


Raise minimum
wage effective
1 July 2016



Recalibration of the 2016 Budget





Recalibration of the 2016 Budget



“It is not a new budget. It is within the range of initiatives and allocation of the 2016 Budget approved by Parliament.”

Dato' Sri Mohd Najib Tun Haji Abdul Razak
Prime Minister and Minister of Finance

ESSENCE OF RECALIBRATED 2016 BUDGET

- 1** The recalibrated measures announced are proactive, transparent and realistic in tandem with the current global economic challenges;
- 2** The economy remains resilient and continues to expand driven by domestic economic activity;
- 3** The wellbeing of the rakyat will continue to be prioritised and Government service delivery will not be compromised;
- 4** The Government is committed to implementing the fiscal consolidation measures; and
- 5** The recalibration of the budget is centred on the principle of shared responsibility from all segments of society.



WORLD ECONOMIC OUTLOOK 2016

INTERNATIONAL MONETARY FUND (JANUARY 2016)

Growth (%)	2016 (October 2015)	2016 (January 2016)
World Trade	4.1	3.4
World GDP	3.6	3.4
US	2.8	2.6
Euro Area	1.6	1.7
United Kingdom	2.2	2.2
Japan	1.0	1.0
China	6.3	6.3
India	7.5	7.5
South Korea	3.2	n.a
Taiwan	2.6	n.a
Singapore	2.9	n.a
ASEAN-5	4.9	n.a

Growth (%)	2016 (October 2015)	2016 (January 2016)
Thailand	3.2	n.a
Indonesia	5.1	n.a
Philippines	6.3	n.a
Vietnam	6.4	n.a
Malaysia	4.5	4.4*

Source: IMF World Economic Outlook January 2016



WORLD BANK (JANUARY 2016)

Growth (%)	2016 (January 2016)
World Trade	3.8
World GDP	2.9
US	2.7
Euro Area	1.7
United Kingdom	2.4
Japan	1.3
China	6.7
India	7.8
Thailand	2.0
Indonesia	5.3
Philippines	6.4
Vietnam	6.6
Malaysia	4.5

Source: World Bank Global Economic Prospects
January 2016

MACROECONOMIC ASSUMPTIONS 2015 – 2016

	2015
World Trade (%)	2.6
World GDP (%)	3.1
Malaysia GDP (%)	5.0
Commodity Prices:	
Crude Oil – <i>Dated Brent</i> (USD/barrel)	52
Crude Palm Oil (RM/tonne)	2,166
Rubber (RM/kg)	5.24
Consumer Price Index (%)	2.1
Current Account Surplus (% of GNP)	2.5-3.0

Source: IMF, DOSM, MOF, EPU

	2016	2016 (Revised)
	4.1	3.4
	3.6	3.4
	4.0-5.0	4.0-4.5
	48	30-35 (28 January 2016: USD 33.1 pb)
	2,300	2,300
	5.50	5.50
	2.0-3.0	2.5-3.5
	0.5-1.5	0.5-1.5

FEDERAL GOVERNMENT FINANCIAL POSITION 2015 – 2016

	2015 (RM billion)	
	Actual	
<i>BRENT</i> (USD/barrel)	52	
Revenue	219.1	
Operating Exp.	217.0	
Current Acc. Bal.	2.1	
Development Exp.	40.8	
(Loan Recoveries)	-1.5	
Overall Balance	-37.2	
(% to GDP)	-3.2	
Federal Govt. Debt	54.3	
(% to GDP)		

	2016 (RM billion)		
	Budget	Revised Budget	
	48	35	30
	225.7	217.9	216.3
	215.2	211.2	210.7
	10.4	6.7	5.6
	50.0	46.0	45.0
	-0.8	-0.8	-0.8
	-38.8	-38.5	-38.7
	-3.1	-3.1	-3.1
	52.2	52.5	52.7

11 RECALIBRATION MEASURES



1. **To reduce employees' EPF contribution** by 3% (March 2016 – December 2017)



2. **To provide a special tax relief** of RM2,000 to individual taxpayers with monthly income of RM8,000 or below for YA2015



3. Reduce costs of basic necessities:

- To liberalise APs on eight agricultural produce
- To establish MyFarm Outlets – direct selling for basic agricultural produce
- To increase the number of fair price shops to 1,000 shops
- To provide input incentive for paddy production at RM50 for every metric tonne
- To introduce MyBeras programme for hardcore poor households

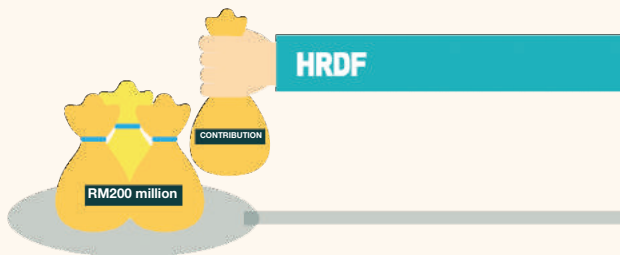
- Enforcement on non-ethical businesses (profiteering)



4. Increase home ownership for low-income group:

- All houses priced up to RM300,000 are limited to first-time house buyers
- To organise *Jelajah Ekspo Pemilikan Rumah Bersepadu*

- To provide financing package at 4% for low-cost houses (PPR) priced at RM35,000



- 5. 30% of HRDF contribution** (RM200 million) will be provided for reskill and upskill programmes including the retrenched workers



6. **Revenue Enhancement:**

- To double efforts with regard to compliance and auditing on tax evaders
- To relax penalty on taxpayers to encourage taxpayers to declare past year income
- To limit the sales of cigarettes and liquors to only licensed duty-free outlets

- To tighten the policy on the importation of vehicles in duty-free islands
- To optimise revenue from telco spectrum through redistribution and bidding
- To develop strategic areas owned by government through bidding process



7. To streamline the management of the foreign workers system

- To implement the Rehiring Programme for illegal Foreign Workers



8. Prudent and optimised spending

- To rationalise supplies and services outlays, grants to Government Trust Funds, Federal Statutory Bodies and Government-Linked Companies (GLCs)
- To consolidate and rationalise government agencies particularly Companies Limited by Guarantee (CLBG) and statutory bodies



9. Reprioritise Development Expenditure to **focus on rakyat-centric, high impact and low import content projects** – reduce cash flow commitments up to RM5 billion
10. Development Financial Institution (DFI) and Venture Capital (VC) to **provide funds up to RM6 billion** for Small and Medium-sized Enterprises (SMEs) and startup companies
11. **To narrow the income gap** between top management and general workers by Government-Linked Companies (GLCs)

SOURCE :
Ministry of Finance
www.treasury.gov.my



Published by :

National Policy Publications Division
Department of Information Malaysia
Ministry of Communications and Multimedia Malaysia

Website : www.penerangan.gov.my
Portal : pmr.penerangan.gov.my
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B.004(B.I)MAC2016(010.)



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CERT. NO. : MY-AR 5240