



MINISTRY OF FINANCE

B U D G E T



2021 BUDGET SPEECH

BY

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MINISTER OF FINANCE

INTRODUCING  
THE SUPPLY BILL (2021)

IN DEWAN RAKYAT  
FRIDAY, 6 NOVEMBER 2020

THEME:  
*STAND UNITED, WE SHALL PREVAIL*

## INTRODUCTION

1. *Bismillahirrahmanirrahim.* In the name of Allah, the Most Gracious, the Most Merciful. Above all, to God we seek help and guidance. And His blessings upon Prophet Muhammad *Sallallahu alaihi Wassalam.* Greetings to the Honourable Speaker, Honourable Members of Parliament, and beloved fellow Malaysians.
2. *Alhamdulillah,* thank you to Allah *Subhanahu Wataala* for giving me this opportunity to **table Budget 2021**, when the country and its people are in much need of help.

## English translation

3. For those who are viewing in front of your TV, listening through the radio, or browsing from the new media, regardless of where you are tuning in from, today is the day where all the good wishes will be heard, which, God's Willing will bring comfort to all.

Datuk Speaker Sir,

4. Referring to the command of His Majesty, Kebawah Duli Yang Maha Mulia Seri Paduka Baginda Yang Dipertuan Agong Ke-16, Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah Ibni Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah, His Majesty has spoken, and imparted advice to serve as guidance for us. His Majesty has reminded all parties to **set aside their differences, and resolutely unite** to battle the COVID-19 pandemic. The Government deeply values the command and the support of His Majesty Yang di-Pertuan Agong that Budget 2021 is critical to safeguard the **well-being of the Rakyat and the nation**.
5. As such, I would like to humbly request the Honourable Members of this House to consider and evaluate Budget 2021 in the **spirit of unity and openness, and with the aspiration for the greater good**.

## 2020 ECONOMIC PERFORMANCE AND CHALLENGES

Datuk Speaker Sir,

6. The year 2020 is a tumultuous period for Malaysia, marked by many challenging circumstances. Never before in modern history has an epidemic wrought such profound changes. The spread of COVID-19 has not only taken people's lives but stifled economies. There are no guidelines nor precedence that can be used as reference because **this is an unprecedented crisis**.
7. The crisis has shocked supply and demand, disrupted supply chains, and exerted great pressure on the business ecosystem. We also have to deal with uncertain external headwinds, falling commodity prices and limited fiscal space.
8. The International Monetary Fund or IMF has projected the global economy to contract by 4.4 percent this year. Global trade, meanwhile, is set to decline by 10.4 percent. Described as the **worst economic crisis since the 1930s' Great Depression**, the COVID-19 pandemic has upended the economies in over 150 countries.

## English translation

9. From the start, **the Government has made it its utmost priority to protect the Rakyat's lives above all else.** That is why the Government has implemented the Movement Control Order (MCO) even though we know that the action, over the course of nearly two months, will impact the Rakyat's economic and social activities. At that time, Bank Negara Malaysia (BNM) estimated that the country will lose between 2.0 to 2.4 billion ringgit daily with the closure of the economy.
10. In balancing our responsibility to protect the lives and livelihood of the Rakyat, the Government has to act quickly. As such, a phased economic recovery plan was introduced, centred on the **6R approach** of Resolve, Resilience, Restart, Recovery, Revitalize and Reform.
11. At the initial *Resolve* stage, **the Government's priority was to flatten the curve of COVID-19.** Meanwhile, during the second stage of *Resilience*, the PRIHATIN and PRIHATIN SME PLUS packages worth 260 billion ringgit were introduced to mitigate the impact of the economic shutdown. We entered the *Restart* phase in May 2020, when economic activities gradually reopened after we had successfully flattened the curve. Subsequently, the country shifted to the *Recovery* phase, when the Government activated the 35 billion-ringgit PENJANA package and 10 billion ringgit KITA PRIHATIN package. The total value of the stimulus packages announced by the Government is 305 billion ringgit or 20.7 percent of the country's Gross Domestic Product (GDP).
12. The **LAKSANA unit** was established to ensure that these stimulus packages are implemented efficiently, with transparency, and driven by data. Based on a survey done by LAKSANA on the effectiveness of PRIHATIN, more than 80 percent of the 11 thousand respondents indicated that they were satisfied with the initiatives. I would like to thank LAKSANA and the more than 53 government agencies who have closely collaborated and shared data to ensure the successful implementation of these stimulus packages.
13. All these implemented initiatives are counter-cyclical measures, aimed to mitigate the impact of COVID-19. *Alhamdulillah*, we are seeing the **country's GDP showing signs of recovery** from negative 28.6 percent in April 2020 to negative 3.2 percent in June. Early GDP estimates for July to September also indicate an encouraging growth trend.
14. In relation to this, taking into consideration the current environment, the country's economic growth was revised for the year 2020 and is expected to contract 4.5

## English translation

percent. **For 2021**, our economy is expected to recover and **expand at a rate between 6.5 to 7.5 percent**. This is in line with the proactive measures undertaken by the Government through the economic stimulus packages, the Budget 2021 initiatives and supported by the recovery of the global economy, which is forecasted to rebound by 5.2 percent.

15. One irrefutable fact that is worth reminding is, irrespective of the challenges, **we have proved to the world that Malaysia can steer our own economy** - whether in stormy seas or calm waters. Let us turn our experience in facing past economic crises into an anchor that keeps us committed, so that we remain steadfast in our endeavours, reasoned in our actions, and surefooted in mustering our collective efforts.
16. I am deeply touched by the #KITAJAGAKITA spirit among the Malaysians – I recall Encik Rosnizam Ishak, hailing from Bertam, who started marinated lamb business using the Bantuan Prihatin Nasional assistance and created job opportunities for locals. There is also Mr. Pajan Singh s/o Kirpal Singh, who provided free accommodation for frontliners serving in Kuantan during the period of MCO till the CMCO, and Mrs. Michelle Kugan, an entrepreneur who sells crystal and pearl fashion accessories, benefitted from the microcredit loan under TEKUN to sustain her business in Tuaran, Sabah. It is in this spirit and undertaking, that Budget 2021 has been formulated for Malaysians with the theme **“Resilient as One, Together we Triumph”**.

## BUDGET 2021 GOALS

Datuk Speaker Sir,

17. In preparing Budget 2021, for **the first time ever, budget consultations** covered all 14 states, and involved more than 38 dialogues covering over 40 businesses and industries. The Ministry of Finance had engagement sessions with leaders of all Federal ministries and State governments, various captains of industry, academicians, non-governmental organisations, political party leaders, and most importantly, Malaysians across the full spectrum, from youth, women, parents to senior citizens. I would like to **express my heartfelt appreciation to all parties** who have contributed their time to share their ideas and suggestions .
18. In relation to this, as the anchor of the fifth 6R strategy of *Revitalize*, Budget 2021 was formulated based on **Three Integral Goals**:

## English translation

FIRST : **Rakyat's Well-being;**  
SECOND : **Business Continuity;** and  
THIRD : **Economic Resilience**

19. The three goals are a continuity of the **PRIHATIN, PRIHATIN SME PLUS, PENJANA and KITA PRIHATIN stimulus packages**. Besides a more targeted approach, the Government will strike a balance between the government's financial sustainability, reduce the urban and rural development gap, and uphold the values to shape the economy that we aspire for through this Budget 2021.

### FIRST GOAL: RAKYAT'S WELL-BEING

Datuk Speaker Sir,

20. The first goal of **Rakyat's Well-Being** will be manifested holistically, anchored on the fundamental understanding of the people's problems and worries. Their well-being remains our most important concern. *Seikat bak sirih, serumpun bak serai.*

### Strategy 1: COVID-19 Pandemic and Public Health

21. Our first strategy is to **overcome the COVID-19 pandemic and protect public health**. Last August, Members of this august House have wholeheartedly approved two very important Acts to address the COVID-19 pandemic.
22. The first is the *Temporary Measures to Reduce the Impact of Coronavirus 2019 (COVID-19) 2020 Act*. This Act provides exemption or relief to individuals who are unable to fulfill their contractual obligations such as rent payments due to the spread of the epidemic. A COVID-19 Mediation Center was also established to assist the B40 and M40 groups as well as micro industries resolve disputes related to their contractual obligations.
23. The second, the *Temporary Measures for Government Financing (Coronavirus Disease 2019) Act* allows the **Government's statutory debt level to be temporarily raised up to 60 percent** of GDP, from 55 percent. Under this Act, Parliament has approved an allocation ceiling of 45 billion ringgit for the COVID-19 Fund.
24. During the tabling of this Act, there were Members of Parliament who called for a higher expenditure ceiling for the COVID-19 Fund. Taking into account the current

## English translation

epidemic wave and requirements needed until 2022, the Government proposes to submit amendments to the Schedule of the Act to this esteemed House to **raise the ceiling of the COVID-19 Fund, by 20 billion ringgit, to 65 billion ringgit.** The main purpose is to fund the KITA PRIHATIN package, additional assistance for the people's well-being, needs of our frontliners' and expected procurement of vaccine. I hope the Members of this august House will collectively approve this proposal.

Datuk Speaker Sir,

25. This year, the Government has allocated 1.8 billion ringgit for the implementation of the movement control and public health service needs related to COVID-19 including purchase of Personal Protective Equipment (PPE), reagent and consumables.
26. Next year, an additional **1 billion ringgit will be allocated to stem the third wave of COVID-19.** This allocation will, among others, cover:
  - First: 475 million ringgit for the purchase of reagent, test kits, and consumables for Ministry of Health's (MOH) usage;
  - Second: 318 million ringgit to provide PPE and hand sanitisers to MOH front liners;
  - Third: 150 million ringgit to the National Disaster Management Agency to coordinate efforts to fight COVID-19;
  - Fourth: 50 million ringgit for the purchase of equipment, laboratory test supplies, and medicine for university teaching hospitals; and
  - Fifth: Procure equipment required to resume dental services, virtual clinical services, and preparation of preliminary zone facilities and thermometers at health facilities to meet the Standard Operating Procedures (SOP).
27. The Government values the toil and sacrifices of the frontliners in managing this COVID-19 pandemic. Since March this year, the Government has accorded them with a COVID-19 Special Allowance of 600 ringgit per month, and this will be continued until this pandemic is successfully addressed. In addition, the Government has agreed to provide a **one-off payment of**

## English translation

**500 ringgit** in appreciation of the contribution by the MOH frontliners, which is expected to benefit 100 thousand medical staff.

Datuk Speaker Sir,

28. The war is not over until and unless an affordable and accessible vaccine is available. The **Government is committed to acquire COVID-19 vaccine supplies**, including through participation in the COVID-19 Vaccine Global Access (COVAX) programme. These COVID-19 vaccine supplies are expected to cost more than 3 billion ringgit to meet the needs of Malaysians.
29. In addition, to encourage the Rakyat to seek vaccination as a preventive measure against diseases, the Government has agreed to expand the **scope of the tax relief scope for medical treatment expenses covering vaccination expenses** such as pneumococcal, influenza and COVID-19. This tax relief, given on vaccination expenses is for the taxpayer, spouse and child limited up to 1,000 ringgit.
30. The Government will also **increase the tax relief limit on medical expenses for self, spouse and child** for serious diseases from 6,000 ringgit to 8,000 ringgit and tax relief limit for expenses on full medical check-up from 500 ringgit to 1,000 ringgit.
31. In addition, the **limit of tax relief on expenses for medical treatment, special needs and parental care is also increased** from 5,000 ringgit to 8,000 ringgit.
32. During this pandemic, the Government has received feedback that mental health problems is one of the serious issues faced by the community. The MOH's Psychosocial Helpline has received more than 35 thousand phone calls since March until October 2020 on, among others, problems related to emotional stress, anxiety and depression. As such, an allocation of 24 million ringgit will be provided to address this issue, including strengthening the **Mental Health, Violence and Injury Prevention, and Substance Abuse Programmes**.

Datuk Speaker Sir,

33. Up till 31 October 2020, mySalam has paid claims relating to hospitalisation and critical illnesses worth 64 million ringgit to 56 thousand patients. At the same time, 19 thousand individuals have received claims of 11 million ringgit relating to

## English translation

COVID-19. To enhance this programme, the Government will **broaden the mySalam's coverage** to medical devices such as heart stent or prosthesis.

34. In addition to health protection, the Government plans to expand the social protection for the B40 group through the **Perlindungan Tenang Voucher Programme**. Under this programme, all B40 aid recipients will be given a 50 ringgit voucher as financial aid to purchase Perlindungan Tenang products such as life *takaful* and personal accident. At the same time, the Government will also extend the stamp duty exemption period on all Perlindungan Tenang products with an annual premium or contribution value not exceeding 100 ringgit for another 5 years until year of assessment 2025.

Datuk Speaker Sir,

35. Attention will also be given to other public health segments. The Government will continue the **pneumococcal vaccine programme** for children with an allocation of 90 million ringgit that is expected to benefit 500 thousand children annually. In addition, 6 million ringgit will be allocated for the **procurement of biologic medicine for various rheumatology illnesses such as Rheumatoid Arthritis**.
36. The Government has also allocated 25 million ringgit for home-based **Peritoneal Dialysis treatment programme** to enhance the quality of life for kidney patients as well as reduce the waiting time and overcrowding at hospitals.

## Strategy 2: Safeguarding the Welfare of Vulnerable Groups

Datuk Speaker sir,

37. **The second strategy focuses on safeguarding the welfare of vulnerable groups.** Based on the *Household Income and Basic Amenities Survey 2019* by the Department of Statistics Malaysia, the national Poverty Line Income (PLI) has increased to 2,208 ringgit per month for each household. This means, more than 400 thousand households earning less than the PLI now fall under the poor category.

### Measure 1: Improving Financial Assistance

38. In relation to this, to enhance the welfare of vulnerable groups, the Government has agreed to **increase the monthly rate of financial assistance** as follows:



## English translation

- First: The rate for Financial Assistance for Person With Disabilities (OKU) who are Incapable of Work is increased from 250 to 300 ringgit;
- Second: The rate for Financial Assistance for Older Persons, Carers of Bed-ridden Disabled Person (OKU) and Chronically Ill Patient is increased from 350 to 500 ringgit;
- Third: The rate for Incentive Allowance for Disabled Workers is increased from 400 to 450 ringgit; and
- Fourth: The rate for Financial Assistance for Children is increased from 100 ringgit per child with a maximum of 450 ringgit per family, to 150 ringgit per child aged seven years to 18 years, or 200 ringgit per child aged six years and below with a maximum of 1,000 ringgit per family. It is hoped this increase will help with childcare and nutritious food.

For example, if Puan Safiah has three children, with two of them below the age of six years, and a disabled husband who works, her family will receive monthly assistance of 1,000 ringgit per month.

39. The rate increase involves an allocation of 2.2 billion ringgit, i.e. **an additional 700 million ringgit, and will benefit more than 400 thousand beneficiaries.**

Datuk Speaker Sir,

40. Bantuan Prihatin Nasional (BPN) was introduced to alleviate the cash flow burden of the rakyat affected by COVID-19. For the year 2020, the BPN and Bantuan Sara Hidup (BSH) have paid out 21 billion ringgit to 10.6 million beneficiaries. In January 2021, a BPN2.0 payment of 2.2 billion ringgit will be paid out.
41. Under Budget 2021, the Government will continue to implement and improve the cash assistance in a more targeted manner. For the year 2021, the Government will replace the Bantuan Sara Hidup (BSH) with the **Bantuan Prihatin Rakyat (BPR)**, with higher rates of assistance and income category as follows:

- First: Families with monthly household income of less than 2,500 ringgit and has up to one child will receive assistance of 1,200 ringgit, while households with two or more children will receive assistance of 1,800 ringgit;

## English translation

Second: Families with monthly household income between 2,501 ringgit to 4,000 ringgit and one child, will receive BPR assistance of 800 ringgit, while households with two or more children will receive assistance of 1,200 ringgit;

Third: The Government will also assist families with monthly household income between 4,001 ringgit to 5,000 ringgit. This category will receive 500 ringgit for those with up to one child, and assistance of 750 ringgit for households with two or more children; and

Fourth: Single individuals earning 2,500 ringgit and below will receive assistance of 350 ringgit. Not only that, the age limit eligibility for this group has been lowered to 21 years, compared to the condition before this of 40 years.

Overall, the BPR cash assistance is expected to benefit 8.1 million individuals with an allocation of 6.5 billion ringgit, compared to 4.3 million beneficiaries with an allocation of 5 billion ringgit prior to this under the BSH.

42. Additionally, the Government will allocate **1.5 billion ringgit** to implement the **Jaringan PRIHATIN Programme** to alleviate the financial burden of the B40 group in accessing internet services. During the first quarter of 2021, an estimated 8 million individuals in the B40 category will each be eligible to receive a telecommunication credit worth 180 ringgit. This credit can be used for internet subscription, or defray part of the cost to buy new mobile phones. At the same time, telecommunication companies will match by providing benefits valued at 1.5 billion ringgit such as free data.

### **Measure 2: Alleviating the Rakyat's Cost of Living**

Datuk Speaker Sir,

43. The Government is pleased to announce **various key initiatives** to alleviate the financial burden of the Rakyat during this health crisis:
44. The first initiative is the **income tax reduction** for resident individuals which will be reduced by 1 percentage point for the chargeable income band of 50,001 to 70,000 ringgit. This is estimated to benefit 1.4 million taxpayers.

## English translation

45. The government is cognisant of the difficulties faced by the Rakyat especially those with loans and affected by COVID-19. Since April till September 2020, Malaysia was the first country in the world to provide loan moratoriums automatically to aid borrowers. With the transition to the **Targeted Loan Repayment Assistance (TRA)** beginning 1 October 2020, banks have continued to offer extended moratorium and other forms of repayment assistance. To date, more than 650 thousand applications for repayment assistance have been received with a high approval rate of 98 percent. Assistance in the form of extending the moratorium or flexibility in repayments has been provided to those who have lost their jobs in addition to individuals and SMEs whose incomes have been severely affected by the COVID-19 pandemic. At the same time, banks have reported that 85 percent of borrowers have resumed repayment of their loans without seeking assistance since the end of the automatic moratorium period.
46. As the second initiative, I am pleased to announce that banks will **enhance the TRA to B40 borrowers** who are BSH recipients or BPR, and to micro enterprises with loans of up to 150 thousand ringgit. Borrowers in this category will be given the following options:
- Option 1: A moratorium on their instalments for a period of 3 months; or
- Option 2: Reduce their monthly repayment by 50 percent for a period of 6 months
- Eligible borrowers will only need to contact their banks to choose the options and complete the documentation.
47. For the M40 borrowers, the application process for the repayment assistance will be simplified. Borrowers would only need to make a self-declaration of the reduction in income in order to secure the repayment assistance. The facility for the B40 and M40 will commence in December 2020.
48. As a caring Government, prior to making a decision, we must be careful to balance the immediate short-term needs of the rakyat against their future welfare.
49. As the third initiative, the **minimum employee EPF contribution rate is reduced from 11 to 9 percent** beginning January 2021 for a period of 12 months

## English translation

to increase take-home pay. This will benefit EPF contributors with a potential cash flow of up to 9.3 billion ringgit.

50. EPF had introduced in April 2020 the i-Lestari withdrawal facility which allowed members to withdraw 500 ringgit a month for 12 months with a total of up to 6,000 ringgit. This facility has benefitted 4.7 million members with a total value of 11.6 billion ringgit.
51. As the fourth initiative, which I understand is much awaited, the Government is pleased to announce **the facility to withdraw EPF savings from Account 1 on a targeted basis. The amount allowed will be 500 ringgit a month with a total of up to 6,000 ringgit over 12 months.** This withdrawal will assist members who have lost their jobs and is expected to lighten the financial burden of approximately 600 thousand affected contributors. Taking into account both i-Lestari and this Account 1 withdrawal facility, the total allowed withdrawal will be up to 12 thousand ringgit. It is projected that total withdrawals from Account 1 will involve 4 billion ringgit. Eligible contributors can apply beginning January 2021.
52. The fifth initiative is the **Enhancement of the Employment Insurance Scheme.** The Job Search Allowance for those covered under the SOCSO's Employment Insurance System is currently for 6 months starting at a rate of 80 percent of the employee's monthly salary and gradually decreases to the rate of 30 percent of the employee's monthly salary. **For the year 2021, the Job Search Allowance will be extended by 3 months** and the rate will be 80 percent in the first month, 50 percent for the second till the sixth month and subsequently 30 percent for the last three months. For this purpose, an allocation of 150 million ringgit will be provided and is expected to benefit up to 130 thousand job seekers.
53. Lastly, to assist taxpayers who have lost their jobs due to the current economic condition arising from the COVID-19 pandemic, it is proposed that for years of assessment 2020 and 2021 the income tax exemption limit for compensation for loss of employment be **increased from 10 thousand to 20 thousand ringgit** for each full year of service.

Datuk Speaker Sir,

54. For the year 2021, the Government will allocate nearly 28 billion ringgit specifically for subsidies, aids and incentives. Among others, these include aid for the community in the form of transportation and welfare, and subsidies to control the price increase of goods and services.

## English translation

55. The Government will increase the allocation from 150 million to 200 million ringgit for the **Community Drumming Programme** which will enable the programme to be broadened to cover 34 new areas such as Pulau Sakar in Sabah and Ulu Mujok in Sarawak. Through this initiative, more than 1.1 million Rakyat will have access to basic goods such as rice, sugar, flour, cooking oil, LPG gas, RON95 petrol and diesel at regulated prices.

### Measure 3: Assistance to Farmers and Fishermen

56. To assist rubber smallholders during the low rubber prices condition, the allocation for the **Rubber Production Incentive will be doubled** from 150 million ringgit to 300 million ringgit. This increase will help stabilise the income of 150 thousand rubber smallholders.
57. In addition, an allocation of 1.7 billion ringgit will be provided in the form of **subsidy, aid and incentive to farmers and fishermen**. This includes paddy price subsidy of 570 million ringgit, subsidy and incentive for paddy crop of 960 million ringgit, including subsidy for Padi Bukit fertilizers of 40 million ringgit. These assistances will benefit more than 300 thousand paddy farmers nationwide including Padi Bukit farmers in Nabawan, Sabah and Kanowit, Sarawak.
58. In line with the announcement by YAB Prime Minister, **allowance for fishermen will be increased from 250 ringgit to 300 ringgit per month** commencing in the year 2021. More than 40 thousand fishermen will benefit from this assistance involving an allocation of 151 million ringgit.
59. To assist FELDA settlers, the Government will allocate 400 million ringgit to **write-off the interest on the settlers' debt** as well as development programmes for settlers to generate additional income.

### **Strategy 3: Generating and Retaining Jobs**

Datuk Speaker Sir,

60. **The third strategy is to generate and retain jobs.** The average unemployment rate over the last ten years was 3.2 percent or around 500 thousand unemployed. As a result of COVID-19, this has increased to 5.3 percent or 820 thousand unemployed in the month of May 2020, which is the highest since 1989. As a

## English translation

result of the implementation of the PRIHATIN and PENJANA initiatives, the unemployment rate has reduced to 4.7 percent in August 2020.

61. Next year, the Government will implement the **Skim Jaminan Penajaan Pekerjaan (JanaKerja)** which will provide 500 thousand new job opportunities including skills development and retraining programmes worth 3.7 billion ringgit.

### Measure 1: PenjanaKerjaya Incentive (Hiring Incentive)

62. The Government will also continue the hiring incentive programme under PERKESO, which is now known as **PenjanaKerjaya** with several enhancements as below:

First: Incentive for employees earning 1,500 ringgit and above will be enhanced from a flat rate of 800 ringgit per month to 40 percent of monthly income, subject to a maximum incentive of 4,000 ringgit;

Second: To encourage employment for the disabled, long-term unemployed, and retrenched workers, employers will be given an additional incentive equivalent to 20 percent of the employee's monthly income making the total incentive to employers' amount to 60 percent; and

Third: For sectors with a high reliance on foreign workers such as construction and plantations, a special incentive of 60 percent of monthly wages will be provided whereby 40 percent will be channelled to the employer while 20 percent will be channelled as a wage top up to the local worker replacing the foreign worker.

The above three incentives will be given for a period of six months; and

Fourth: For those employed under the PenjanaKerjaya, the maximum training rate which can be claimed by employers will be increased from 4,000 to 7,000 ringgit to enable workers to take up high skilled training and professional certifications.

63. To ensure the success of these four PenjanaKerjaya initiatives, a total of 2 billion ringgit will be allocated, which is expected to increase the employment opportunities for 200 thousand job-seekers.

## English translation

64. I would like to take this opportunity to announce **the formation of a National Employment Council** which will be chaired by YAB Prime Minister. This council will coordinate various initiatives cutting across ministries and agencies which create job opportunities, skills enhancement and training for employees. The LAKSANA unit will be responsible to monitor the effectiveness of all these initiatives to ensure the Rakyat continues to receive employment opportunities.

### **Measure 2: Reskilling and Upskilling**

Datuk Speaker Sir,

65. In addition, **reskilling and upskilling programmes** will continue to be implemented. For the year 2021, a total of 1 billion ringgit will be allocated benefitting 200 thousand trainees as follows:

First: 150 million ringgit will be allocated for the Ministry of Higher Education professional certification (KPT-PACE) whereby fresh graduates will each be eligible for a voucher worth 3,000 ringgit to pursue a professional certification course at public or private universities. It is expected that 50 thousand graduates will benefit from this programme;

Second: 100 million ringgit to the Human Resources Development Fund (HRDF) to implement trainings in collaboration with private-sector employers;

Third: 100 million ringgit to MDEC to transition existing workforce to fill the growing needs in the ICT industry;

Fourth: 100 million ringgit to regional corridor authorities, mainly IRDA and SEDIA to provide new skills training to workers badly affected by the closure of borders to foreign tourists, in order to assist them in securing new employment or source of income; and

Fifth: 30 million ringgit to PERHEBAT for entrepreneurship training programmes that will benefit 12 thousand veterans of the Malaysian Armed Forces.

## English translation

66. To encourage Malaysians to upskill and venture into a new area of employment, **the scope of relief for tuition fee be expanded to cover expenditures incurred for attending up-skilling** courses provided by certified bodies limited to 1,000 ringgit for each year of assessment.

### Measure 3: MySTEP

Datuk Speaker Sir,

67. The Government will introduce MySTEP or **Short-term Employment Programme** with an allocation of more than 700 million ringgit. This initiative will offer 50 thousand job opportunities on a contract basis in the public sector and Government Linked Companies (GLC) starting January 2021.
68. Under this initiative, 35 thousand job opportunities will be offered in the public sector, with priority to fill up positions such as nurses, medical attendants, social welfare officers and temporary teachers. Meanwhile, GLCs will offer 15 thousand job opportunities that prioritise technical and financial fields as well extending this opportunities for new graduates to participate in apprenticeship programmes.

### Measure 4: Targeted Wage Subsidy

69. Through the stimulus packages, the wage subsidy was provided for up to 9 months with an allocation of more than 15 billion ringgit. As at 31<sup>st</sup> October 2020, the Government has channelled 12.5 billion ringgit to fund SOCSO Wage Subsidy Programme which has helped 2.7 million workers and more than 330 thousand employers.
70. However, many employees are still affected especially in the tourism sector. Therefore, the Government will **extend the implementation of the Wage Subsidy Program for another three months with a more targeted approach**, specifically for the tourism sector, which includes the retail sector at a rate of 600 ringgit per month for workers earning 4,000 ringgit and below. In addition, the limit of 200 employees per application will be increased to 500 employees. A total of 1.5 billion ringgit is allocated for this purpose and is expected to help about 70 thousand employers and 900 thousand employees.



## English translation

### Measure 5: Social Protection

Datuk Speaker Sir,

71. Insurance has a low penetration rate in Malaysia and it is among factors that undermine financial security for individuals and families. Hence, EPF will allow members to withdraw from EPF Account 2 to purchase insurance and takaful products which are approved by EPF relating to life and critical illnesses coverage for themselves and their family.
72. To further encourage old-age savings through Private Retirement Scheme (PRS), individual income tax relief of up to 3,000 ringgit on the PRS contributions will be extended until the year of assessment 2025.
73. Subsequently, the Government provided 24 million ringgit for full contributions under the SOCSO Employment Injury Scheme benefitting 100 thousand employees from the following groups:
  - First: Members of the Malaysian Armed Forces Volunteers, Police Reserve Volunteers, Malaysian Civil Defense Volunteers, and Malaysian Maritime Volunteers;
  - Second: Guru Takmir, Imam, Bilal, Tok Siak, Noja, and Merbot;
  - Third: Contract for Service Public sector workers; and
  - Fourth: To appreciate the contribution of delivery riders who were in the frontline during the movement control period, this initiative is also extended to 40 thousand delivery riders.

### **Strategy 4: Prioritising the Inclusiveness Agenda**

Datuk Speaker Sir,

74. **Strategy four is to prioritise the inclusiveness agenda.** In light with the Shared Prosperity Vision 2030, the inclusiveness agenda will be a priority towards a more holistic development .

## English translation

### Measure 1: Empowering the Bumiputera

75. The Government will continue to pursue efforts to support the Bumiputera development agenda in order to reduce the disparity between races. For the year 2021, a total of 11.1 billion ringgit will be provided, an additional 3.1 billion ringgit compared to the year before this.
76. Among others, a total of **6.5 billion ringgit will be allocated to provide access to quality education** to Bumiputera institutions such as Majlis Amanah Rakyat (MARA) and Universiti Teknologi MARA (UiTM) to offer specific programmes such as digitalization of TVET learning methods, and upgrading from certificate level programmes to diploma.
77. Meanwhile, to boost and **empower Bumiputera entrepreneurs, a total of 4.6 billion ringgit will be provided** for the following purposes:
- First: 510 million ringgit for the purpose of financing Bumiputera SMEs and micro SMEs through TEKUN and PUNB;
  - Second: 800 million ringgit for capacity building programmes by Bank Pembangunan Malaysia and SME Bank;
  - Third: 2 billion ringgit allocated to assist the financing of Bumiputera SMEs through Syarikat Jaminan Pembiayaan Perniagaan (SJPP); and
  - Fourth: 1.3 billion ringgit for various capacity building programmes, including professional development, Dana Kemakmuran Bumiputera as well as specific programmes or projects specifically for Bumiputeras.
78. For everyone's information, Pelaburan Hartanah Berhad or PHB has successfully developed a private hospital worth 300 million ringgit on a Malay reserve land in Sungai Penchala. As such, the Government intends to **optimize the value of Malay reserve land in strategic locations**. For this purpose, a total of 750 million ringgit will be provided to PHB under the Twelfth Malaysia Plan (RMKe-12) to increase the value of Bumiputera holdings in real estate especially for commercial developments on Malay reserve land.

## English translation

### Measure 2: Upholding Islam Tenets

Datuk Speaker Sir,

79. **Development of Islam will continue to be strengthened.** 2021 Budget will allocate 1.4 billion ringgit for Islamic affairs and development under the Prime Minister's Department.
80. The Government will also **enhance the management of endowment (wakaf)** through collaboration between Yayasan Wakaf Malaysia with Federal Government agencies, GLCs and Government Linked Investment Companies (GLIC). A National Wakaf Masterplan will be created to ensure a more efficient endowment management to maximise the mobilization of future endowment assets.
81. In addition, Permodalan Nasional Berhad (PNB) through Amanah Saham Nasional Berhad or ASNB will **introduce wakaf services to all ASNB unit trust holders**. Under this service, unit holders can endow some of their units into ASNB wakaf fund and be eligible for an income tax deduction. Returns from the wakaf fund will be channelled to the wakaf projects of national interest that will be identified by PNB.
82. In appreciation of the contribution of 4 thousand Guru Takmir who galvanise the community at the *kariah* level, the Government has agreed to increase the allowance rate of Guru Takmir from 800 ringgit to 900 ringgit per month.
83. In addition, I'm pleased to announce a one-off special payment of 500 ringgit to the Imam, Bilal, Tok Siak. Noja, Merbot, Guru Takmir and Guru Kafa. This special assistance is expected to benefit almost 70 thousand people.

### Measure 3: Enhancing the Role of Women

Datuk Speaker Sir,

84. The Government values the contribution of women to nation building. To empower women entrepreneurs, **95 million ringgit will be provided for special micro credit financing** through TEKUN, MARA and Agrobank. In addition, 50 million ringgit will be provided to the Islamic Economic Development Foundation (YaPEIM) to support Islamic Pawnbroking through Ar-Rahnu BizNita.

## English translation

85. Training programmes especially in the aspect of marketing, labelling and packaging in addition to business technical guidance will be given to more than 2,000 **Women Entrepreneurs Micro Entrepreneurs Business Development Programmes, BizMe.**
86. The Government recognises the importance of addressing the issue of domestic violence. To this end, the Government will provide 21 million ringgit to establish a One-Stop Social Support Centre. This centre in collaboration with NGOs will provide social protection and moral support to women facing domestic problems divorce and abuse.
87. I understand that many front liners face difficulties in securing childcare services. In this respect, in order to enhance the support system for front liners and working women, 30 million ringgit will be provided for the establishment of childcare centres or TASKA in Government buildings, especially in hospitals. At the same, for the private sector a matching grant of up to 20 million ringgit will be provided to encourage the private sector employers to provide childcare centres for their employees.
88. In addition, 10 million ringgit will be provided for cervical cancer screening and subsidy incentives for mammograms to women who are of high risk of breast cancer.

### **Measure 4: Community-based Initiatives**

Datuk Speaker Sir,

89. The Government will also focus on community development programmes covering all levels of society. **For the Chinese community, a total of 177 million ringgit** will be provided for programmes to improve educational facilities, housing and the development of new villages, as well as financing facilities through Bank Simpanan Nasional (BSN). **For the Indian community, a total of 100 million ringgit is allocated** to the Malaysian Indian Transformation Unit (MiTRA) to the elevate the socio-economy status of the Indian community.
90. In addition, TEKUN will provide 20 million ringgit specifically for the Skim Pembangunan Usahawan Masyarakat India, SPUMI and 5 million ringgit for entrepreneurship development for other minority communities.

## English translation

91. To promote the culture of volunteerism at the community level, the Government will **increase the grants to Rukun Tetangga Areas** from 4,800 ringgit to 6,000 ringgit each, with an allocation of almost 50 million ringgit. These grants will benefit more than 8,000 Rukun Tetangga Areas.
92. The Government will also allocate 50 million ringgit for **repairs, maintenance and small development projects for places of worship** in areas under the Local Authority. This allocation also includes the implementation of unity programmes in collaboration with the management of the places of worship and the local community.

Datuk Speaker Sir,

93. For 2021, the Malaysian Prisons Department will be allocated 20 million ringgit to implement Human Development Program among others to provide skills training to prisoners. Through this program, inmates have produced various products under the MyPRIDE brand. The songket I'm wearing today is a Royal Pahang "tenun" woven by the inmates of the Penor Prison in Pahang.
94. To encourage employers to provide employment opportunities for ex-convicts and former drug addicts and integrate them into the society, further tax deduction on remuneration given to employers who employ ex-convicts, parolees, supervised persons and ex-drug dependants is extended until year of assessment 2025.

Datuk Speaker Sir,

95. The Malaysian government is cognisant of the plight of the artists including the production crew who are also impacted by this COVID-19 pandemic. In this regard, a total of 15 million ringgit will be allocated to the Cultural Arts Economic Development Agency or CENDANA to implement various arts and culture programs that will benefit more than 5,000 artists and the production crew.
96. The Government will continue its emphasis into the **well-being of the Orang Asli community**. An allocation of 158 million ringgit will be provided. This allocation include the implementation of social assistance programmes and the Integrated Development Programme for Orang Asli Villages. The government will also upgrade and construct 14 new kindergartens at Pos Slim Sungai Kinta, Perak and and Pos Sungai Kelay Jempol, Negeri Sembilan.

## English translation

97. The government is very concerned about the issue of land boundary delineation and land gazetting which has long been voiced by the Orang Asli community. The Government is pleased to provide 5 million ringgit to carry out land survey work for demarcation of borders in 21 Orang Asli villages. In addition, a total of 41 million ringgit is allocated for the Native Customary Rights program in Sabah and Sarawak.

Datuk Speaker Sir,

98. The Government will continue to look after the welfare of the elderly and the disabled through the **Home Help Services Programme**. In relation to this, the honorarium value for volunteers under this programme will be increased from 150 ringgit to a maximum of 400 ringgit. Meanwhile, the assistance value to the vulnerable group of the programme will also be increased from 30 ringgit to 80 ringgit. The increase is expected to benefit more than 2,000 volunteers and more than 8,000 senior citizens and the disabled.

99. Further, to assist individual taxpayers with disabled spouse, additional tax relief limit for disabled spouse will be increased from 3,500 ringgit to 5,000 ringgit.

100. Currently, the monthly payment rate received by supervisors and officers under the Community Rehabilitation Organization or PDK has not been reviewed since 2008. Therefore, reflecting the Government's concern, for next year, the staff rate will be increased from 800 ringgit to 1,200 ringgit per month, while the rate of supervisors will be increased from 1,200 ringgit to 1,500 ringgit per month. This increase will benefit 3,500 PDK staff and supervisors nationwide, with an allocation of 100 million ringgit.

101. In addition, the Government will also increase the annual financial aid to operate the **Senior Citizens Activity Centre (PAWE)** managed by Non-Governmental Organisations (NGOs) from 33 thousand ringgit to 50 thousand ringgit. This increase is expected to benefit 285 PAWEs nationwide.

102. To encourage employment opportunities for senior citizens, further tax deduction on remuneration given to employers who employ senior citizens is extended until year of assessment 2025.

## English translation

103. The government will also allocate 170 million ringgit for **early childhood education programmes** by the Community Development Department or KEMAS. This allocation among others is to fund Supplementary Food Assistance, Per Capita Assistance as well as maintenance and repair for both TABIKA and TASKA.
104. To alleviate the cost of living for the urban B40 groups especially working parents, the Government will establish **Community Centers as transit centres for children to attend after school**. With an allocation of 20 million ringgit, the Community Centre in collaboration with NGOs will be equipped with self-care facilities, tuition classes, libraries and mentor guidance programmes.

### Measure 5: Enhancing Rural Infrastructure

Datuk Speaker Sir,

105. The Government will continue to focus on reducing the urban and rural development gap. For this purpose, 2.7 billion ringgit will be channelled to implement various rural **infrastructure improvement** programmes and projects as follows:

- First: 1.3 billion ringgit to implement rural and inter-village road projects spanning 920 kilometres that benefits more than 290 thousand people;
- Second: 632 million ringgit allocated for rural and alternative water supply with a target of 4,800 houses;
- Third : 250 million ringgit provided for rural electricity supply with a target of 1,100 houses;
- Fourth 55 million ringgit for the Home Assistance Programme to the poor which is building new houses and repairing homes with a target of 15 thousand houses; and
- Fifth: 121 million ringgit to install 27 thousand units of lamps as well as to cover operational and maintenance costs of 500 thousand units of street lights in villages.

## English translation

106. In addition, the Government will broaden **mobile banking services** in Sabah and Sarawak, modelling after the initiative by the Sarawak State Government. This measure can help communities that have difficulties to access basic banking services such as fund transfer, bill payments and facilities to withdraw Government assistances such as BPR.
107. The Government is committed to ensuring that road facilities in all states are optimally maintained. Accordingly, **the eligibility limit for the use of funds under the Malaysian Road Records Information System or MARRIS** has been increased to 20 per cent or 50 million ringgit, whichever is lower to finance road maintenance work that is beyond the usual scope of MARRIS.

### Measure 6: Youth and Sports Development

Datuk Speaker Sir,

108. Youth are the catalyst for the future of the country. To provide employment exposure to youths, the Government will **provide an incentive of 1,000 ringgit per month for up to 3 months to private employers** for each new graduate who participates in the apprenticeship program. In addition, **employers can also claim a grant of up to 4,000 ringgit for training programs for the apprentices**. The program is expected to benefit up to 50 thousand new graduates with an allocation of 250 million ringgit.
109. Youths play an important role as pioneers and consumers in adopting the latest technology. Towards embracing a cashless society, the Government will credit a one-off 50 ringgit into e-wallet accounts for those aged 18 to 20 years via the **eBelia Programme**. With an allocation of 75 million ringgit, this initiative is expected to benefit more than 1.5 million youths.
110. The Government will allocate 19 million ringgit to implement the **Malaysia National Healthy Agenda** aimed at strengthening healthy lifestyle to reduce the risk of diabetes, hypertension and obesity. A total of 28 million ringgit is also provided to implement the MyFit Programme, National Sports Day and Inspire Programme for the disabled community.
111. The Government will also provide **103 million ringgit to build, upgrade and maintain sports facilities** nationwide. For the development of high-performance sports, the Government will provide 55 million ringgit for the development of



## English translation

hockey, rugby, badminton, cycling, development of women athletes, including 15 million ringgit allocation to e-Sports development.

112. To assist sports industry operators, 20 million ringgit is provided as a soft loan through the TEKUN Sports scheme to ensure continuity of sports facility operators.
113. In addition, the tax relief limit for lifestyle is increased from 2,500 ringgit to 3,000 ringgit where the additional 500 ringgit is specifically provided for expenditure related to sports including participating fee for sports competitions. The scope of relief is also expanded to include subscription of electronic newspapers.

## Strategy 5: Ensuring the Well Being of the Rakyat

Datuk Speaker Sir,

114. **Strategy five is to guarantee the well-being of the rakyat.** The Malaysian Well-Being Index which measures the development of the rakyat's well-being from social component has increased at a slower pace compared to the economic dimension. Under the social dimension, there is still room for improvement especially under the health, family and environmental components. The Government will ensure a more balanced development and a more prosperous life for the people through the improvement of various social amenities.

## Measure 1: Digital Connectivity

115. The government recognizes the need for telecommunication networks as a third utility. In the new norm, virtual services are becoming more common. The development of infrastructure and upgrading of basic telecommunications networks is necessary to meet the needs of a digital lifestyle.
116. Therefore, the Government will allocate 500 million ringgit to implement the **National Digital Network initiative, JENDELA** to ensure the connectivity of 430 schools throughout Malaysia covering all states. At the same time, Malaysian Communications and Multimedia Commission (MCMC) will allocate 7.4 billion ringgit for year 2021 and 2022 to build and upgrade broadband services.
117. In this new norm, online education has become a way of life. In this respect I would like to announce that the GLCs and GLICs will contribute 150 million ringgit into the Tabung CERDIK to provide laptops to 150 thousand

## English translation

students in 500 schools as a pilot project. This project will be supervised by Yayasan Hasanah.

### **Measure 2: Access to Quality Education**

Datuk Speaker Sir,

118. Education is the most important investment in ensuring a better quality of life for future generations. Therefore, **the Ministry of Education continues to receive the largest allocation** of 50.4 billion ringgit or 15.6 percent of the total Government expenditure.
119. To ensure that students from low-income families get daily nutritional content for healthy physical and mental growth, the Government will improve the **Supplementary Meal Plan by providing milk supply daily compared to twice a week currently**. An allocation of 420 million ringgit will be provided and part of the procurement will be reserved for local milk producers.
120. To ensure a **conducive learning environment**, a total of 800 million ringgit will be provided for the maintenance and repair of Government Schools and Government Aided Schools. This allocation also includes the work of upgrading and building open halls or covered structures for students to assemble in a comfortable and safe place in Government Schools.
121. In addition, an additional cost of 725 million ringgit will be allocated to **upgrade buildings and infrastructure in 50 dilapidated schools**. For schools in rural Sabah and Sarawak, the Government will implement 184 construction projects and install tube well water supply with a total project cost of 120 million ringgit.
122. In addition, special needs children in schools will also be given attention by the Government. Therefore, to better provide for the **special needs stream**, 45 million ringgit will be provided for this purpose.
123. For higher education, a total of **14.4 billion ringgit will be allocated to the Ministry of Higher Education**. This includes, 50 million ringgit for infrastructure and equipment replacement in public universities.

## English translation

124. To ensure internet connectivity in institutions of higher learning, the Government has allocated **50 million ringgit to upgrade the Malaysian Research & Education Network or MYREN** access line to 500Mbps to 10Gbps.
125. Furthermore, to ensure that PTPTN loan holders from institutions of higher learning are able to continue their learning online, Government, working with BSN will provide 100 million ringgit to finance the **BSN MyRinggit-i COMSIS Scheme** which is a laptop loan scheme.
126. To further encourage parents to save for financing tertiary education of their children, tax relief up to 8,000 ringgit on net annual savings in Skim Simpanan Pendidikan Nasional (SSPN) will be extended until the year of assessment 2022.

Datuk Speaker Sir,

127. The Government will continue to **strengthen Technical and Vocational Education and Training or TVET**. For 2021, 6 billion ringgit has been allocated for TVET.
128. To **provide loans to 24 thousand trainees to pursue TVET programs** in public and private skills training institutions, 300 million ringgit is provided through the Skills Development Fund Corporation or PTPK, which is an increase of 100 million ringgit compared to year 2020.
129. To encourage more industry involvement in implementing TVET-based programs, the Government will hereby **increase the National Dual Training System Plus allowance from 625 to 1,000 ringgit**. This initiative involves a total allocation of 60 million ringgit and benefits 10 thousand trainees.
130. A total of 29 million ringgit will be allocated to implement TVET programmes under the Ministry of Higher Education including **Islamic education and lifelong learning initiatives** to 15 thousand students in tahfiz institutions and pondok schools.

## Measure 3: Increasing Home Ownership

Datuk Speaker Sir,

131. To further **promote home ownership**, especially for first-time buyers, the Government will implement the following initiatives:

## English translation

First: Full stamp duty exemption on instruments of transfer and loan agreement for first time home buyers is extended until 31 December 2025. The limit of duty stamp for first residential home is also increased up to 500 thousand ringgit. This exemption is effective for sale and purchase agreement executed from 1 January 2021 to 31 December 2025; and

Second: Stamp duty exemption on loan agreements and instruments of transfer given to rescuing contractors and the original house purchasers is extended for another 5 years. This exemption is effective for loan agreements and instruments of transfer executed from 1 January 2021 to 31 December 2025 for abandoned housing projects certified by Ministry of Housing and Local Government (KPKT).

132. At the same time, the Government has a role to play in providing **comfortable and quality housing**, especially for the low-income group. To that end, a total of 1.2 billion ringgit is provided for the following purposes:

First: 500 million ringgit to build 14 thousand low cost housing units under the Program **Perumahan Rakyat**;

Second: 315 million for the construction of 3,000 units of Rumah Mesra Rakyat by Syarikat Perumahan Nasional Berhad;

Third: 125 million ringgit for the maintenance of low cost and medium-low stratified housing as well as assistance to repair dilapidated houses and those damaged by natural disasters; and

Fourth: 310 million for the Malaysia Civil Servants Housing Programme (PPAM).

133. In addition, the Government will collaborate with selected financial institutions to **provide a Rent-to-Own Scheme**. This program will be implemented until 2022 involving 5,000 PR1MA houses with a total value of more than 1 billion ringgit and reserved for first-time home buyers.

## English translation

### Measure 4: Public Transport

Datuk Speaker Sir,

134. The **My30 unlimited travel pass initiative** will be continued and expanded to Kuantan and Penang with a total allocation of 300 million ringgit. This initiative enables users to enjoy bus and rail services operated by Kumpulan Prasarana for as low as 30 ringgit monthly.
135. In addition, an **unlimited monthly travel pass** for as low as 5 ringgit will be introduced for children in year 1 to form 6 to commute to school, and for the disabled. This pass can be utilised on the Klang Valley Komuter lines, northern sector komuter, Kuala Lipis and Tumpat inter-city train, and the Beaufort-Tenom line in Sabah. If on average, the fare now is at 5 ringgit per day, starting next year, the fare will only be 5 ringgit per month.
136. Currently, the **Stage Bus Service Transformation Programme (SBST)** is being implemented in Kangar, Seremban, Ipoh and Kuala Terengganu. This programme will be expanded to Johor Bahru, Kuching, Kota Kinabalu and Kuantan with an allocation of 150 million ringgit.
137. The Government is committed to reducing the burden of bus operators. The Government is committed to reducing the burden of bus operators. Sales tax exemption for the purchase of locally assembled bus including air conditioner will be extended for a period of two years effective from 1 January 2021 until 31 December 2022.

### Measure 5: Defending the Nation's Sovereignty and Security

Datuk Speaker Sir,

138. The government is very concerned about issues relating to national sovereignty. The government has carried out Operasi Benteng or **Ops Benteng** to ensure that the country's border areas are always protected and not breached. This integrated operation is coordinated under the National Security Council (MKN) involving various agencies such as armed forces, police, APMM, Immigration Department and several others.
139. Next year, the Ministry of Defense and the Ministry of Home Affairs will be allocated 16 billion ringgit and 17 billion ringgit respectively.

## English translation

140. To ensure the **readiness of the Malaysian Armed Forces**, the Government will increase the allocation for maintenance to 2.3 billion ringgit for the year 2021 compared to 2 billion ringgit previously.
141. Cybercrime including digital transaction fraud is one of the new forms of threats to the country. In this regard, the Government has allocated 27 million ringgit to CyberSecurity Malaysia to **increase the country's cyber security**.
142. The government is focused on ensuring that the welfare and well-being of military personnel is not neglected. Apart from continuing to **maintain the facilities of the existing Rumah Keluarga Angkatan Tentera (RKAT)**, the Government has also approved the construction of 1000 new units with a total cost of 500 million ringgit.
143. The Government appreciates the role of the Malaysian Volunteer Department, RELA which also helps in breaking the COVID-19 infection chain. A total of 153 million ringgit will be allocated for including **upgrading facilities at the training centre to strengthen the role of RELA**.

## SECOND GOAL: BUSINESS CONTINUITY

Datuk Speaker Sir,

144. The business environment has now evolved. Hence under the **second objective which is business continuity** the focus of the Government will be to accelerate investments, strengthen strategic sectors and improve access to financing.

### Strategy 1: Driving Investments

145. **The first strategy is to drive investments.** To help local companies face future challenges, the Government will act as a facilitator in providing access to investment funds including improving the business environment.
146. For each challenge faced, there will emerge opportunities. In the context of COVID-19, while many businesses are affected, there are sectors which continue to grow strongly such as medical devices, e-commerce and logistics in addition to education technology. This scenario coupled with the turmoil of global trade provides an opportunity for Malaysia to attract new companies, new investments and new economic opportunities. This will be the focus under the second objective.

## English translation

### Measure 1: Investment in Key Sectors

147. To facilitate this, **1 billion ringgit will be provided as a special incentive package** for high value-added technology. Among others, this fund aims to support R&D investment in aerospace as well as electronic clusters such as in Batu Kawan, Penang and Kulim, Kedah industrial parks.
148. In addition, a **High Technology Fund** worth 500 million ringgit will be provided by Bank Negara Malaysia (BNM) to support high technology and innovative companies. The fund will enable Malaysia to remain competitive in the global supply chain and maintain the supply chain ecosystem and protect high skilled jobs.
149. The Government is committed to **making Malaysia as a destination for high-value service activities**. In relation to this, the following initiatives will be implemented:
- First: Relaxation of tax incentive conditions for Principal Hub and the incentive will be extended until 31 December 2022;
- Second: New tax incentive for the establishment of Global Trading Centre at a concessionary rate of 10 percent for a period of 5 years and renewable for a period of another 5 years;;concessionaryReducing
- Third: Limit on the sales value for value-added and additional activities carried out in the Free Industrial Zone and Licensed Manufacturing Warehouse be increased from 10 percent to 40 percent from the total annual sales value; and
- Fourth: Special income tax treatment at a flat rate of 15 percent for a period of 5 years to non-resident individuals holding key positions for strategic new investment by companies relocating their operations to Malaysia under the Pelan Jana Semula Ekonomi Negara (PENJANA) incentive package.
150. Through PENJANA, the Government has offered special tax rates to selected manufacturing companies which relocated their businesses to Malaysia and bring in new investments. I am pleased to announce that **the application for the incentive will be extended for another 1 year until 31 December 2022 and the scope of tax incentives will also be extended** to companies in the selected

## English translation

services sector which have significant multiplier effect by **providing an income tax rate of 0 to 10 percent for a period of 10 years.**

151. A comprehensive study of the existing tax incentive structure is underway to provide a competitive, transparent and more attractive tax incentive framework. **To provide space for the study to be completed, the existing tax incentives, due to end this year, will be extended until 2022.** The extension includes tax incentives for MRO activities for aerospace, building and repair of ships, Bionexus status and economic corridor developments.

Datuk Speaker Sir,

152. A **National Development Scheme (NDS) valued at 1.4 billion ringgit** by Bank Pembangunan Malaysia will be introduced to support the implementation and development of domestic supply chain and increase the production of local products such as medical devices.
153. In addition, the **Maritime Development and Logistics Scheme; Sustainable Development Financing Scheme; Tourism Infrastructure Scheme; and Public Transport Fund** will be extended until 31 December 2023 with a fund size of 3.7 billion ringgit.
154. A total of 500 million ringgit from these schemes will be designated for Bumiputera entrepreneurs to increase their involvement in the key sectors.
155. To further assist affected SMEs, the Targeted Assistance and Rehabilitation facility worth 2 billion ringgit under BNM will be introduced through loans from banking institutions.

## **Measure 2: Improving the Business Environment**

Datuk Speaker Sir,

156. During my Budget engagement sessions to industrial areas throughout Malaysia, the main issue raised is the need to improve the infrastructure of industrial areas. To enhance the competitiveness of the industry, I am pleased to announce the following initiatives:

First: 100 million ringgit for the maintenance of the infrastructure of industrial parks;



## English translation

Second: 42 million ringgit under JENDELA to improve internet connectivity in 25 industrial parks;

Third: Development of a water treatment plant in Kubang Pasu district to support the investment needs of the Kota Perdana Special Boundary Economic Zone project in Bukit Kayu Hitam, Kedah and residents in the area; and

Fourth : Allocation of 45 million ringgit to meet the water supply needs for the petrochemical sector concentrated in the Gebeng Industrial Zone.

157. The Government will implement **Authorized Economic Operator or AEO facilities** at the national level with the aim of facilitating the AEO accreditation process and expanding AEO to logistics service providers and approved warehouse operators.

158. In addition, to improve cross-border business efficiency and increase the productivity of the logistics sector, the Royal Malaysian Customs Department will bring together 43 permits and trade licences agencies on the AEO platform.

### **Measure 3: Science, Technology and Innovation**

Datuk Speaker Sir,

159. In an effort to **support the development of science and technology**, the Government will allocate 400 million ringgit specifically for R&D purposes involving several ministries and agencies.

160. To create a more competitive R&D ecosystem, tax incentives for non-resource-based R&D product commercialization activities will be reintroduced and tax incentives for commercialization of R&D product by public research institutions will be **extended to private higher education institutions**.

161. Additionally, 20 million ringgit will be provided for the **Malaysia Techlympics and Science Space programmes** to create expertise in the field of AI and robotics among youth.

## English translation

Datuk Speaker Sir,

162. The Government will allocate **100 million ringgit from the proceeds of the Sukuk PRIHATIN** for the conduct of research relating to infectious diseases covering vaccine development as well as treatment research and diagnostics.
163. Further, I am pleased to inform that the four major glove companies namely Top Glove, Hartalega, Supermax and Kossan have indicated their commitment to contribute 400 million ringgit to fight against COVID-19, which includes partially covering the cost of the COVID-19 vaccine as well as expenses for health equipment. The Government appreciates the commitment of the private sector, NGOs and individuals who contribute during this difficult period.

### **Measure 4: Locally Manufactured Products**

Datuk Speaker Sir,

164. To encourage the production and purchase of locally made products, several initiatives will be implemented as follows:
- First: 25 million ringgit for the **Micro Franchise Development and Affordable Franchise programmes** as well as **Buy Made in Malaysia programme**;
  - Second: 150 million ringgit for training programmes and sales assistance as well as digital equipment for 100 thousand local entrepreneurs to encourage adoption of e-commerce under the e-Commerce SME and Micro SME Campaign;
  - Third: 150 million ringgit to implement the **Shop Malaysia Online** initiative together with the e-commerce platform to encourage online spending which will benefit 500 thousand local sellers including the halal products and handicrafts entrepreneurs; and
  - Fourth: 35 million ringgit to promote Malaysian-made products and services under the **Trade and Investment Mission**.
165. In addition, to enable Malaysia to become an investment destination especially for locally produced vaccines, medicines and medical devices, the Government

## English translation

will strengthen the **Ministry of Health's Off-Take Agreement Programme** to attract investment to this country and potential vaccine production in the future.

166. In addition, to encourage manufacturers of pharmaceutical products including vaccines to invest in Malaysia, the Government will provide incentive including **preferential tax rate of 0 to 10 percent for 10 years.**

## Strategy 2: Strengthening Key Sectors

Datuk Speaker Sir,

167. **The second strategy is to strengthen the key sectors.**

### Measure 1: Empowering the Agriculture Sector

168. In 2019, the agriculture sector contributed 7.1 percent of GDP. While other economic sectors contracted as a result of the COVID-19 pandemic, the agriculture sector is projected to grow at 4.7 percent of GDP next year.

169. Next year, several **key initiatives for the agriculture sector** and food industry will be implemented, including:

First: The **extension of the Community Farming Programme** to the semi-urban and rural communities with an allocation of 30 million ringgit. This programme which provide equipments such as fertigation kits and crop media up to 500 ringgit per individual or 50 thousand ringgit per community. It is expected to benefit 60 thousand participants;

Second: The **implementation of the Organic Agriculture Project** as a community project with an allocation of 50 million ringgit and is expected to benefit 1,000 communities;

Third: The **implementation of the e-Satellite Farm Programme** with an allocation of 10 million ringgit in the form of matching grants up to 30 thousand ringgit to the Pertubuhan Peladang Kawasan (PPK) for the purpose of purchasing agriculture equipment based on the Internet of Things including drones. The programme is expected to benefit more than 300 PPKs with a membership of nearly 1 million farmers and planters;

## English translation

- Fourth: Financing under the **Vessel Modernization and Capture Mechanization Programme** of up to 5 million ringgit at a rate of 3.5 percent for a period of 10 years to fishermen in zones A and B to upgrade equipment, nets and boats. Agrobank will provide 150 million ringgit for this purpose;
- Fifth: Funding under the **Agrofood Value Chain Modernization Programme** of up to 1 million ringgit at a rate of 3.5 percent for a period of 10 years for agricultural entrepreneurs to procure equipment and technology based on IR4.0. Agrobank will provide 60 million ringgit for this purpose;
- Sixth: The **implementation of Aquaculture Development Programme** with an allocation of 10 million ringgit through matching grants of up to 20 thousand ringgit for micro entrepreneurs to purchase equipment to develop high-value aquaculture livestock such as lobster and grouper; and
- Seventh : The implementation of impactful and high-value farming projects with an allocation of 100 million ringgit through collaboration with State governments such as pineapple farming in Johor and freshwater prawns in Negeri Sembilan.

### **Measure 2: Development of the Commodity Sector**

Datuk Speaker Sir,

170. The commodity sector is a key sector that provides input to various high value-added downstream products and contribute to the country's export earnings. To further **boost longevity of the various commodity sector**, the Government will, next year, take the following steps:

- First: To continue **Malaysian Sustainable Palm Oil Certification or MSPO** with an allocation of 20 million ringgit to boost growth and enhance the competitiveness of the country's palm oil industry. Matching grants of 30 million ringgit will also be introduced to encourage the industry's investment in mechanisation and automation;

## English translation

Second: To provide **incentive of 16 million ringgit for latex production**. This is to encourage latex production, which requires longer working hours compared to cuplump production that will be started in Pahang, Terengganu dan Kelantan; and

Third: To open a furniture industrial park in Pagoh to further boost the timber industry and provide employment opportunities.

171. In addition, under 12<sup>th</sup> Malaysia Plan, the Government will provide a revolving fund amounting to 500 million ringgit for the **Forest Plantation Development Loan (PPLH) programme**. The funds are dedicated for the development of forest plantations with an area of 4 hectares and above.

### **Measure 3: Sustainability of the Tourism Industry**

Datuk Speaker Sir,

172. The Government is aware that the tourism sector is one of the most affected sectors as a result of COVID-19. In this regard, the Government will provide **training and placements for 8,000 employees of airline companies** in Malaysia with an allocation of 50 million ringgit.

173. The Government will also **provide employment opportunities for 500 people in the local and Orang Asli communities as tour guides** at all national parks to boost the ecotourism segment.

174. To **ensure the readiness of tourist hotspots**, a total of 50 million ringgit will be provided for maintenance and repair of tourism facilities throughout the country. An allocation of 20 million ringgit will be provided to improve the infrastructure and intensify the promotion of Cultural Villages in Terengganu, Melaka, Sarawak and Negeri Sembilan.

175. In addition, 10 million ringgit will be allocated to ensure that national heritage buildings such as the Sultan Abdul Samad Building and Carcosa Seri Negara will continue to be preserved and become tourism icons.

176. The health tourism industry has the potential to become the the country's new investment. As such, the Government will allocate 35 million ringgit to the **Malaysia Healthcare Travel Council** to enhance the competitiveness of the local health tourism industry. The Government will also extend income tax exemption for the export of private healthcare services until the year of assessment 2022.

## English translation

177. The Government listens to the concerns of traders and hawkers in Sabah who have been deeply affected by the lack of tourists. In relation to this, the Government is pleased to announce a **Grant Khas Prihatin of 1,000 ringgit** that will be given to 20,000 traders and hawkers in Sabah. This grant will also be given to taxi drivers, e-hailing, rental cars and tour drivers in Sabah.
178. To help reduce the cash flow burden of companies that are still affected by the COVID-19 pandemic, an exemption from the HRDF levies will be given for 6 months effective 1 January 2021. The exemption will cover the tourism sector and companies affected by the COVID-19 crisis.

### Strategy 3: Prioritising Automation and Digitalisation

Datuk Speaker Sir,

179. **The third strategy is to prioritise automation and digitalisation.** Moving forward, the Government will focus on **long-term productivity** through the use of new technology to accelerate the transformation towards a high-income economy.
180. The Government through BPMB has provided the **Industrial Digitalization Transformation Scheme alued at 1 billion ringgit**, which aims to boost digitalization activities. To that end, the availability of these funds will be extended until 31 December 2023.s.
181. In addition, in support of automation and modernization, additional funds amounting to 150 million ringgit will be provided under the **SME Digitalization Grant Scheme and the Automation Grant**. The eligibility condition for these Grants have also been relaxed for micro SMEs and start-ups that have been operating for at least six months.

### Strategy 4: Enhancing Access to Financing

Datuk Speaker Sir,

182. **The fourth strategy is to facilitate access to financing.** Through the PRIHATIN and PENJANA packages, 1.9 billion ringgit of soft loan funds and grants have been provided to help SMEs and micro-SME entrepreneurs who have difficulty accessing financing.

## English translation

### Measure 1: Micro Credit Financing

183. To encourage Bumiputera micro and small businesses to move uptransform to a higher category to a higher category, SME Bank will provide **Lestari Bumi financing facility scheme** with funds amounting to 300 million ringgit.
184. To assist the financial position of SMEs that supply to the Government or GLCs, the Government will introduce the **National Supply Chain Finance Platform**. The platform, named as "**Jana Niaga**", will benefit SMEs who have cash flow problems due to the long invoice payment period as well as help them to secure loans from financial institutions. The Jana Niaga platform will be led by EXIM Bank with the involvement of several financial institutions. 300 million ringgit will be provided by EXIM Bank to drive Jana Niaga. For now, Jana Niaga will be implemented together with Petronas and Telekom Malaysia. It will be extended to other GLCs, Ministries and Government agencies in the future.
185. **Peer-to-peer financing or P2P** under the supervision of the Securities Commission Malaysia (SC) is one of the alternative financial innovations that has generated financing in excess of 900 million ringgit to SMEs. To support P2P platforms, especially those based on invoice financing, 50 million ringgit will be allocated based on aa matching investments basis.
186. In addition, micro credit financing worth nearly 1.2 billion ringgit will be provided through TEKUN, PUNB, Agrobank, BSN and other financial institutions. This includes 110 million ringgit to Micro Enterprises Facility under BNM to encourage entrepreneurship among gig workers and self-employed and to support the iTEKAD program.
187. The iTEKAD programme which was launched on May 2020, by combining micro and social financing to empower micro entrepreneurs from B40 segment to generate sustainable income and contribute to society. iTEKAD program will be expanded with participation of additional financial institutions and collaboration with more state religious authorities and delivery partners in 2021.
188. Through PUNB, 230 million ringgit will be allocated as financing to SMEs for working capital, upgrading of automation systems and equipment and expenditure related to the implementation of COVID-19 SOP compliance.

## English translation

### Measure 2: Loan Guarantees

Datuk Speaker Sir,

189. To date, a total of 25 billion ringgit has been given under the **Syarikat Jaminan Pembiayaan Perniagaan**. The Government is pleased to **increase the guarantee by up to another 10 billion ringgit**, with 2 billion reserved specifically for Bumiputera entrepreneurs.
190. For corporate companies involved in highlyhigh skilled industries such as oil & gas and aerospace, the Government has allocated guarantee of 3 billion ringgit under the **Danajamin Prihatin Guarantee Scheme** that will be extended until 2021 with improved terms and conditions.
191. To encourage standardised credit lending activities and increase consumer protection, the **Consumer Credit Act** will be formulated. The Act provides a regulatory framework for activities related to the issuance of consumer credit and strengthens supervision of non-bank and non-supervised credit providers. Bank Negara Malaysia and Securities Commission will lead the effort to formulate consumer credit providers regulation.

### Measure 3: Alternative Financing

Datuk Speaker Sir,

192. Equity Crowd Funding or ECF is one of the alternative financing methods, especially for technology start-ups. To encourage more individual investors to take part in financing through the ECF platform, income tax exemption of 50 percent of the investment amount or limited to 50 thousand ringgit will be given. 30 million ringgit will also be allocated through matching grants to be invested on ECF platforms under the supervision of the SC.

## **THIRD GOAL: ECONOMIC ECONOMICRESILIENCE**

Dato' Speaker Sir,

193. **The third goal is economic resilience.** This budget will be aligned to the priorities of the Twelfth Malaysian Plan and the SPV2030. This is to ensure inclusive and meaningful socio-economic development towards a more prosperous and dignified society by 2030.



## English translation

### Strategy 1: Expansionary Budget

194. The Government's revenue has been affected following the spread of COVID-19. As a result, the Government's revenue this year has been revised to 227.3 billion ringgit, reducing almost 18 billion ringgit from the original projection of 244.5 billion ringgit in the previously announced 2020 Budget.
195. Despite the lower revenue scenario, the Government will not compromise in protecting lives and livelihoods in battling COVID-19. Thus, total allocation for 2020 is estimated at 314.7 billion ringgit in terms of expenditure, **an increase of 17.7 billion ringgit** compared to the original projection. The rise in expenditure is intended to finance the stimulus package and economic recovery. Therefore, the fiscal deficit for 2020 is estimated to increase to 6 percent of GDP compared to the original target of 3.2 percent
196. The effects of the COVID-19 epidemic will continue to be felt next year. Therefore, Government revenue collection for the year 2021 is expected to increase to 236.9 billion ringgit. Nevertheless, the Government has decided that the 2021 Budget is an expansionary budget.
197. Accordingly, the **total expenditure for the year 2021 is the largest expenditure in history with a value of 322.5 billion ringgit**. The Government intends to allocate 236.5 billion ringgit for operating expenses, 69 billion ringgit for development expenditure and 17 billion ringgit under the COVID-19 Fund. Meanwhile, 2 billion ringgit is allocated for the Contingency Reserve Advance Warrant. Taking into account those estimates, the 2021 fiscal deficit is projected at 5.4 percent of GDP.

### Measure 1: Expenditure with High Multiplier Effect

Datuk Speaker Sir,

198. To ensure Government's expenditure has high multiplier to the economy, a **total of RM2.5 billion has been allocated for contractors in Class G1 to G4** to carry out small and medium projects across the country including additional 200 million ringgit for maintenance projects for Federal Roads and 50 million for PPR houses. In addition, the Government will extend flexibilities accorded on procurement procedures until December 2021 to expedite the implementation of developmental projects.

## English translation

199. The government through MARA will also provide 50 million ringgit as financing access to construction contractors under the **Skim Pembiayaan Kontrak Ekspres, SPIKE**. This scheme is offered to Bumiputera contractors who deal with the Government to facilitate cash flow in implementing projects.

### Measure 2: Sustainability of Government's Revenue

Datuk Speaker Sir,

200. Currently, Government revenue is around 15 percent of GDP including petroleum-related revenue of around 3 percent. The government needs to ensure that the revenue source is sustainable and able to finance expenses, especially operating expenses.

201. Revenue collection strategies will be improved including addressing smuggling of high duty goods. The Multi-Agency Task Force will be strengthened with the participation of the Malaysian Anti-Corruption Commission and the National Anti-Financial Crime Centre.

202. In addition, effective from 1 January 2021, the Government will implement the following measures:

First: Freezing the issuance of new import license for cigarette;

Second: Tightening the renewal of import license for cigarette through review of license conditions including the imposition of import quota;

Third: Limiting transshipment of cigarette to dedicated ports only;

Fourth: Imposition of tax on the importation of cigarettes with drawback facilities for re-export;

Fifth: Disallow transshipment of cigarettes and re-export of cigarettes by small boats including kumpit and instead be allowed only in ISO containers; and

Sixth: Making cigarettes and tobacco products as taxable goods in all Duty-Free Islands and any free zones that have been permitted retail sale of duty free cigarettes.

## English translation

203. **The Government will impose excise duty of 10 percent on devices for all types of electronic and non-electronic cigarettes including vape** effective from 1 January 2021. Meanwhile, liquid used in electronic cigarettes will be imposed an excise duty at a rate of 40 cents per millilitre.

## Strategy 2: Development Agenda under the 12th Malaysia Plan

Dato' Speaker Sir,

204. **The second strategy is the country's 5-year development agenda under the 12th Malaysia Plan**, which is the last 6R stage of Reform. The government will focus on development expenditure that benefits the people and supports the momentum of economic growth.

## Measure 1: Transport Infrastructure Development

205. Government is committed to **implement transport infrastructure project** to increase the mobility of rakyat. In 2021, **15 billion ringgit** will be allocated to fund the Pan Borneo Highway, Gemas-Johor Bahru Electrified Double-Tracking Electrified Project and Klang Valley Double Tracking Project Phase One. In addition, several key projects will also be continued such as Rapid Transit System Link from Johor Bahru to Woodlands, Singapore and MRT3 in Klang Valley.
206. The Government will also continue the **High-Speed Rail Project or HSR** as this project is expected to generate a positive multiplier effect to the country's economy. However, it is subject to further discussion with Singapore.
207. There are also several large new projects worth approximately 3.8 billion ringgit that will be implemented as follows:

First: Construction of the Second Phase of the Klang Third Bridge in Selangor

Second: Continuing the Central Spine Project with the new alignment from Kelantan to Pahang;

Third: Upgrading the bridge across Sungai Marang, Terengganu;

## **English translation**

- Fourth: Upgrading of Federal Road connecting Gerik, Perak to Kulim, Kedah
- Fifth: To continue building and upgrading Phase of the Pulau Indah, Klang Ringroad Phase 3, Selangor
- Sixth: Construction of the Pan Borneo Highway Sabah from Serusop to Pituru; and
- Seventh: Construction of the Cameron Highlands Bypass road, Pahang with emphasis on preserving the environment.

## **Measure 2: Balanced Regional Development**

208. For the five regional corridors of economic development, development projects will be continued with an allocation of 780 million ringgit for year 2021 including:

- First: Rapid Transit Bus Transport System at 3 High Capacity Routes and construction of busway at IRDA in Johor;
- Second: Construction of the Palekbang Bridge to Kota Bahru, Kelantan under ECER;
- Third: Construction of infrastructure and related components of the Special Development Zone project in Yan and Baling, Kedah under NCER;
- Fourth: Infrastructure Project in the Samalaju Industrial Area, Sarawak under SCORE; and
- Fifth: Continuation of the Sapangar Bay Container Port Expansion Project, Sabah under SDC.

209. In addition, the existing tax incentives for the East Coast Economic Region Development Corridor, Iskandar Malaysia and Sabah Development Corridor are extended until 2022.

210. An allocation of 150 million ringgit will be allocated for the Raw Water Transfer Project from Sungai Kesang and Tasik Biru to the Jus Reservoir, Jasin , Melaka.

## English translation

211. EPF will continue the **development of Kwasa Damansara** with an estimated Gross Development Value of RM50 billion. It will consist of commercial, residential, More than 100 thousand jobs are expected to be created, and more than 25 thousand houses including ten thousand affordable houses will be built.
212. Finally, for the year 2021, Sabah and Sarawak will receive Development Expenditure allocation of 5.1 billion ringgit and 4.5 billion ringgit respectively. These allocation among others are for building and upgrading water, electricity, and road infrastructure, health and education facilities.

### **Strategy 3: Enhancing the Role of GLC and Civil Society**

213. **The third strategy is to enhance the role of GLC and civil society.** Proactive action by the GLC to fulfil their corporate social responsibility serves as a benchmark for other corporates especially during this challenging period. More programs will be implemented through GLCs, civil society and NGOs, starting with the social field and environmental conservation, in complementing the Government service delivery system.

### **Measure 1: Alternative Service Delivery**

214. The Government intends to work with NGOs and social enterprises in the national development agenda. Through the concept of matching grants, the Government together with Yayasan Hasanah has funded initiatives such as income generation especially for those affected during COVID-19. Among the initiatives funded are sewing of face masks by the indigenous people of Sarawak under Tanoti, the Orang Asli empowerment project in Hulu Selangor by EPIC Society and the OKU entrepreneurship initiative by the Selangor Youth Community (SAY).
215. The Ministry of Finance opened **2021 Budget portal** on 28 September, to collect people's suggestions and votes on community and environmental issues. Based on more than 6 thousand suggestions and more than 40 thousand votes received, the Ministry of Finance will distribute funds to NGOs as follows:
- First: 50 million ringgit for income generation and employment promotion initiatives for the vulnerable;
- Second: 30 million ringgit for initiatives to address social issues; and

## English translation

Third: 20 million ringgit for environmental conservation initiatives.

The grant of 100 million ringgit will be matched with contributions from GLC-owned foundations.

216. Next, the Government will conduct a social enterprise development program with an allocation of **20 million ringgit to the Malaysian Global Innovation and Creativity Center or MaGIC** and selected agencies. In addition, the pilot project for the e-Procurement registration to social enterprises that have a Government Impact e-Procurement Program Certificate from MaGIC and other selected agencies to become suppliers to the Government. With this initiative, social enterprises can supply goods and services in total up to 20 million ringgit per year.

### **Strategy 4: Ensuring Resource Sustainability**

Dato' Speaker Sir,

217. **The fourth strategy is to ensure the sustainability of resources.** The basis of our economy is the environment and natural assets. Therefore, as a responsible Government, it is important for us to balance between development and preservation of environment so that the quality of life and legacy for future generations are preserved. The Government is confident that sustainable resources can be a source of new economic growth while creating employment opportunities.
218. In 2015 together with other member states of the United Nations (UN), Malaysia had agreed to accept the 2030 Agenda and 17 Sustainable Development Goals or SDGs. Now, for the first time, the annual budget is aligned with the SDG, so that our Rakyat can move towards a more prosperous, more sustainable and inclusive future.

### **Measure 1: Sustainable Development Agenda**

219. The Government through cooperation with the United Nations will establish the Malaysia-SDG Trust Fund or MySDG Trust Fund with an initial allocation of 20 million ringgit. The fund will coordinate financing from various public and private sources systematically. Thus, various parties can contribute and be involved in efforts to ensure the SDG is achieved by 2030.

## English translation

220. In addition, the Government also supports the SDG programs implemented by the Malaysian Parliamentary Party Cross Group with an allocation of 5 million ringgit.

### **Measure 2: Sustainable Finance**

Datuk Speaker Sir,

221. Towards creating a Sustainable Financial Hub, and positioning Malaysia as a regional hub for a sustainable lifestyle, the Government will continue to formulate its long-term efforts for this purpose. Last August, the Government has issued its first digital sukuk online, the Sukuk Prihatin where the subscription has exceeded the target at 666 million ringgit. The Government will now issue its first **Sustainability Bond** in Malaysia for environmental and social initiatives in 2021.

222. In addition, to further encourage the issuance of Sustainable and Responsible Investment (SRI) products and bonds that achieve green, social and sustainable standards in Malaysia, the existing income tax exemption for SRI green sukuk grant is extended to all types of sukuk and bonds and this exemption is extended until 2025.

223. Furthermore, the Government will also continue the Green Technology Financing Scheme 3.0 or GTFS3.0 with a fund size of 2 billion ringgit for two years up to 2022 which will be guaranteed by Danajamin to encourage the issuance of SRI sukuk.

### **Measure 3: Environmental Conservation**

224. In order to continue preserving the natural resources, the following initiatives will be implemented:

First: 50 million ringgit provided to address waste and solid waste trapped in rivers;

Second: 40 million ringgit provided over a period of five years to strengthen environmental quality monitoring enforcement activities including the establishment of 30 monitoring stations nationwide;

Third: 10 million ringgit provided to implement the Integrated Island Waste Management project around the islands in Johor and Terengganu to reduce the effects of coral reef destruction and marine life. This

## English translation

program involves the collaboration between UNDP, State Government and the private sector;

Fourth: Increase the allocation under the TAHAP to all State Governments from 350 million to 400 million ringgit. Of this amount, a total of 70 million ringgit is also allocated for the purpose of Ecological Fiscal Transfer activities as an additional incentive to the State Government to ensure the sustainability of the country's biodiversity; and

Fifth: Implement mangrove tree planting programs to preserve mangrove swamp areas and other tree species along the coast including Tanjung Piai, Johor and Kuala Sepetang, Perak;

225. Furthermore, the **SAVE 2.0 program will be introduced** which is an e-Rebate of 200 ringgit to households who buy any energy efficient locally manufactured air conditioner or refrigerator. A total of 30 million ringgit is provided for this program which is expected to benefit 140 thousand households.

226. As part of the efforts to promote energy efficiency and environmentally friendly green technology, the Government supports the initiative taken by the Sarawak State Government in using public buses that operate on hydrogen fuel cells.

227. In addition, to control the biodiversity of forest areas and poaching, the Government will strengthen the Biodiversity Protection and Patrol Program by recruiting more than 500 former military and police personnel as well as Orang Asli for patrolling activities. For this purpose, a total of 20 million ringgit is allocated.

### **Strategy 5: Civil Service**

Dato' Speaker Sir,

228. As the backbone of the country, measures to improve the efficiency of the Government's machinery is also a priority

### **Measure 1: Strengthening of the Public Service Delivery**

229. Since we now live in the new norm, digitalisation should be maximized in the conduct of any day-to-day affairs.



## **English translation**

230. For example, this year's Budget speech is distributed in softcopy through the QR Code application. I myself use a tablet to present the Budget this afternoon. I call on more Ministries and Agencies to adopt a more environmentally friendly and cost-effective paperless approach.
231. Currently, there are 23 UTCs nationwide and the latest is the Penang UTC which was opened last August. Considering the population density in the Klang Valley and the area around Petaling Jaya, the Government intends to build UTC in the Lembah Pantai in collaboration with the private sector.
232. In addition, in this era of new norms, the Government will expand the use of kiosks as an alternative channel for public delivery system. The Road Transport Department will increase the number of kiosks for some key services such as motor vehicle license renewals and that be located in 50 strategic locations nationwide for the rakyat's ease in accessing these services even outside working hours.
233. The Government will also allocate 14 million ringgit to upgrade infrastructure and information and communication technology facilities in the Ministry of Foreign Affairs as well as digitalisation of the Malaysian consular services abroad.

## **Measure 2: Strengthening Governance and Integrity in Malaysia**

Datuk Speaker Sir,

234. The Government will continue the national development agenda based on good governance and uphold the principles of integrity. The Government will ensure that all initiatives contained in the National Anti-Corruption Plan, NACP are implemented and recruitment of additional 100 SPRM officers will be continued as well as ensuring anti corruption education is applied at all levels.
235. As a caring Government, special provision is provided as a reward to anyone who can provide information on any misconduct and violations of the law. For example, the issue of river pollution is becoming increasingly uncontrollable, resulting in disruption of water supply in the Klang Valley.

## English translation

### **Measure 3: Welfare of the Civil Servants**

Datuk Speak Sir,

236. The government is cognisant about the welfare and well-being of civil servants, especially in a country affected by the COVID-19 pandemic. Front liners such as doctors, nurses, police, army, firefighters, RELA, JKM staff and many more who have toiled and sacrificed with all their might, to ensure the well-being of all of us, Malaysians!
237. Nowadays, many of them have been entrusted to perform their duties in Sabah. Let us pray for the people of Sabah and all front liners to be able to weather this difficult situation and be given protection by the Almighty.
238. To improve the facilities provided to the civil servants, the following initiatives will be implemented:
- First: Increase the allowance rate from 6 ringgit to 8 ringgit per hour to more than 1,900 Auxiliary Bomba officers from 2021; and
- Second: Introducing a free Personal Accident Protection Scheme of up to 100 thousand ringgit to new borrowers of the Public Sector Home Financing Board (LPPSA) for the years 2021 and 2022;
239. Further, in appreciation of the heroism and bravery of police retirees who received the National Hero Service Medal, the Government agrees to a one-off grant of 500 ringgit to 40 thousand recipients.

Datuk Speaker Sir,

240. Since my appointment as minister almost 8 months ago, and coming from the privat sector, it has been an eye-opening experience for me to witness how committed and steadfast our civil servants are in dispensing their duties. Without giving in to fatigue they have served exceeding expectation and rose beyond the call of duty to protect the rakyat support businesses and support the economy.
241. Therefore, in appreciation of the services and duty rendered by the civil servants, the Government is pleased to announce a Special Financial Assistance of 600 ringgit to be paid to all civil servants Grade 56 and below. For

## English translation

the retirees and non-pensionable veterans, a Special Financial Assistance of 300 ringgit will be paid. Both assistances will be paid in early 2021.

## CONCLUSION

Datuk Speaker Sir,

242. Before concluding, I would like to emphasise that **this Budget is truly intended to prioritise Rakyat's wellbeing**. Based on the numerous initiatives announced, allow me to share few examples how this Belanjawan is able to benefit the rakyat,

First: Madam Aisyah who receive a regular wage but earns around RM1,000 a month, needs to support four children and is thus regarded as being in poverty. Madam Aisyah will receive among others welfare payment, Bantuan Prihatin Rakyat, Bantuan Pembayaran Bersasar and Program Jaringan Prihatin. Total benefits to be received under Belanjawan 2021 amounts to 13 thousand for the year;

Second: Mr. Kevin who has two children have just lost his job and was earning a household income of RM3,500 will be in the B40 category. He is eligible to receive Bantuan Prihatin Rakyat, EPF withdrawal scheme, Bantuan Pembayaran Bersasar, extension of Employment Insurance Scheme and Program Jaringan Prihatin. Mr. Kevin will be receiving benefits amounting to RM15,600 for the year; and

243. The fact is, this is not the first time the world has been hit by an epidemic. Mankind has repeatedly fallen and risen again to build civilization. COVID-19 is indeed a disaster that makes the world think critically, find solutions, and emulate each other.

244. We need to be thankful; we are still strong in all this. The strength of this country is because its people persevere in sacrificing to fortify the country. Therefore, for the Government, the conscience of the people must be embraced, because the trust of the people is priceless.

## English translation

245. I have a belief. How the Malaysian nation is a brave nation, a strong nation, that when we can agree with each other, we can do extraordinary things. That is why this 2021 Budget is raised as the theme " Resilient As One, Together We Triumph".

246. We can argue and disagree on secondary issue, but we should unite to agree on principle. If before this we once unanimously agreed with the establishment of the COVID-19 Fund, then in this august House, let this Budget be the canon of our unity for the welfare of the people.

Yang Kurik itu Kundi, yang Merah itu Saga  
Yang Baik itu Budi, Yang Indah itu Bahasa  
Yang Berdamai Kan Permai  
Yang Sehaluan Kan Keberkatan  
Yang Satu Suara Kan Mara  
Yang Teguh Biarlah Kita  
Teguhkan Kita...  
Teguhkan Kita...  
"TEGUH KITA, MENANG BERSAMA" .....

247. At the end of the day, to You, O Allah, we ask for prayers, given guidance to facilitate efforts, taste the blessings as expansive as space and we are all shielded by the COVID-19 pandemic. Wabillahi Taufik Wal Hidayah Wassalamualaikum Warahmatullahi Wabarakatuh.

248. Datuk Speaker Sir, I beg to propose.