

**BUDGET 2022 SPEECH**

**BY**

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**AZIZ**

**MINISTER OF FINANCE**

**INTRODUCING**

**THE SUPPLY BILL (2022)**

**DEWAN RAKYAT**

**FRIDAY, 29 OCTOBER 2021**

**THEME:**

**BUDGET 2022: KELUARGA MALAYSIA, MAKMUR SEJAHTERA**

Datuk Speaker Sir,

**I would like to propose that, a Bill named "An Act to use a sum of money from the Consolidated Fund for services for 2022 and to allocate the sum for services for the year, is read for the second time now."**

## PREAMBLE

1. Bismillahirrahmanirrahim. Assalamualaikum Warahmatullahi Wabarakatuh and a good day.
2. *Alhamdulillah*, with Your blessing, O Allah, for the abundance of blessings; we surrender to your Mercy in all our endeavours. We extend this gratitude with salawat and salam for the Prophet Muhammad *Sallallahu Alaihi Wa Sallam* for he is a role model for mankind throughout time.
3. Datuk Speaker Sir, Honourable Members, as well as my beloved “*Keluarga Malaysia*”.
4. The people have great hopes for **Budget 2022**, a budget that is built upon our collective efforts – as one *Keluarga Malaysia* – to rise again and heal the nation.
5. Therefore, in the tabling of Budget 2022, *Insya-Allah* we hope that it will bring good tidings to everyone. Let Budget 2022 be the beacon of hope that shines at the end of the pandemic crisis, so that the rakyat can regain their prosperity in these new norms.

## **ECONOMIC PERFORMANCE AND CHALLENGES IN 2021 AND 2022**

Datuk Speaker Sir,

6. In the face of this global pandemic, countries all over the world were forced to face two arduous challenges simultaneously, between saving lives and livelihoods.

7. For Malaysia, it was evident that this year proved more challenging for us. We had initially anticipated that 2021 was to be the year of recovery; unfortunately, the recovery was delayed due to the worsening of the COVID-19 pandemic since the tabling of Budget 2021, a year ago.

8. The COVID-19 virus continued to mutate and worsen. Malaysia was not spared from the resurgence of COVID-19 with its third wave resulting in daily cases breaching over 24,000 cases. To-date, the total number of cases has exceeded 2.4 million; with more than 28,000 fellow Malaysian lives were lost. Here, I would like to extend my condolences to our dear family members, who have lost loved ones due to this virus.

9. Malaysia has had to endure a prolonged episode of Movement Control Order (MCO), however we have implemented the National Recovery Plan (NRP) anchored by the National COVID-19

Immunisation Programme (PICK) as the way out of this vicious pandemic.

10. *Alhamdulillah*, we have now managed to fully **vaccinate 95% of our adult population and 62% of teenagers**. Malaysia's vaccination rate is amongst the highest in the world. As a result, COVID-19 cases have been successfully reduced while the use of ICU wards for COVID-19 have been reduced to 42%. Thus, our public health system is no longer over burdened by COVID-19.

11. The Government has never ceased to care for the people and the business sector. Even during these challenging times with limited fiscal space, the Government will always seek a way to aid those in need. Admittedly, this is not an easy task, but *Alhamdulillah*, the Government has to date announced **eight economic assistance and stimulus packages totalling RM530 billion**, separate from the allocation provided under Budget 2021.

12. These packages have ensured that – there's food on the table, children continue to be educated, businesses continue to operate, jobs are being created and that lives are safeguarded.

13. Through these packages, the country's economic growth in 2020 which suffered a contraction of 5.6% has now rebounded with a growth of 7.1% as of the first half of 2021. While the third quarter performance is expected to be slightly affected by the implementation

of containment measures under MCO 3.0, growth is projected to recover in the fourth quarter during which almost all states will have transitioned to the fourth phase under the NRP, where all economic and social sectors are allowed to operate at full capacity again. Overall, **our economic growth is expected to be between 3 to 4% for 2021**, *Insya-Allah*.

14. Next year, the country's economy is projected to expand between **5.5 and 6.5%** based on strong fundamentals and a diversified economic base. However, this performance also depends on other factors including the success of our pandemic response, the effectiveness of our vaccination programmes as well as the robustness of the global economy and trade prospects.

## **BUDGET 2022: KELUARGA MALAYSIA, MAKMUR SEJAHTERA**

Datuk Speaker Sir,

15. As with previous years, Budget 2022 was formulated based on the tradition of *#TeamMOF* openness. This budget is the outcome of a series of on-the-ground engagements across various states in Malaysia, during which over 30 focus group meetings and consultations were held along with the analysis of over 1,100 memorandums and nearly 50 thousand proposals that were received through the dedicated Budget 2022 portal.

16. What's more meaningful is that Budget 2022 was formulated after 80 engagements with political leaders, traversing political doctrines, irrespective of whether Government or opposition. Together, we discussed, exchanged views and together pondered national issues while putting our political differences aside.

17. In addition, to increase the transparency of our budget preparation, for the first time, *#TeamMOF* has published a Pre-Budget Statement and four Public Consultation Papers covering topics on improving Government procurement, cash assistance, tax incentives and fiscal responsibility.

18. I would like to express my deepest appreciation to one and all, who have spent time and effort to share their ideas and views. For us at MOF, this is the evidence of our togetherness in facing the challenges ahead as one family.

19. Our focus in 2022 is on achieving a comprehensive recovery, encompassing all socioeconomic segments in the country. Efforts will also be undertaken to strengthen business resilience and the health system in order to face the challenges ahead. Moving forward, reform instruments will be activated to keep up-to-date with the landscape of a borderless world of technology while upholding the sustainability agenda.

20. With this commitment, the theme of Budget 2022 will be "Keluarga Malaysia, Makmur Sejahtera". The budget builds upon three key pillars namely **Strengthening Recovery, Building Resilience and Driving Reforms**. Budget 2022 has three main Focus Areas:

First: Rakyat's Well Being;

Second: Resilient Businesses; and

Third: A Prosperous and Sustainable Economy

21. Budget 2022 is aligned to the framework of the Twelfth Malaysia Plan (12MP) and has been formulated as a continuation of the past economic assistance and stimulus packages. It is also equipped with new initiatives to deliver an inclusive, sustainable and balanced Budget 2022.

22. Taking into account the aspirations, dreams and needs of *Keluarga Malaysia*, and together with projected higher **Government revenue** at RM234 billion in 2022, the Government will maintain an **expansionary budget**.

23. Budget 2022 will be the **largest budget to-date**, with an allocation of RM332.1 billion. From this allocation, the Government will provide RM233.5 billion for operating expenditure, RM75.6 billion for development expenditure and RM23 billion under the

COVID-19 Fund. A total of RM2 billion was also provided as contingency reserve advance warrant. Even with an expansionary budget in place, the **fiscal deficit is projected to reduce** to 6% to GDP compared to a fiscal deficit of 6.5% to GDP in 2021.

### **FIRST FOCUS: THE RAKYAT'S WELLBEING**

Datuk Speaker Sir,

24. The first focus of Budget 2022 is the **Rakyat's Wellbeing**. In embracing the essence of *Keluarga Malaysia* concept as espoused by Yang Amat Berhormat Prime Minister should inspire each and every one of us to nurture the noble values of inclusivity, togetherness and gratitude.

### **STRATEGY 1: RESTORING LIVES AND LIVELIHOODS**

25. The first strategy under this focus is on **Restoring Lives and Livelihoods**. The Government's objective under this strategy is to continue providing targeted cash assistance, enhance education and public health as well as create job opportunities.

## Initiative 1: Direct Cash Assistance and Welfare

26. In the coming year, cash assistance initiative will be enhanced. The Government will introduce the **Bantuan Keluarga Malaysia** (or BKM) cash assistance with specific enhancements to ensure that those who are really affected, will be given greater attention.

27. These improvements have taken into account suggestions received from the public via the publication of the Public Consultation Paper on improving assistance to the rakyat. For 2022, the BKM will channel **assistance of RM2,000** to households earning less than RM2,500 per month with three or more children. This assistance is an increase compared to the previous Bantuan Prihatin Rakyat (or BPR) where the highest assistance rate was RM1,800.

28. Furthermore, other suggestions received also touched on the challenges faced by single mothers in supporting their families; in addition to the B40 senior citizens who have insufficient retirement savings and no fixed income. As an enhancement for 2022, the Government will also provide an **additional assistance of RM500 to single parent households** earning a monthly income of up to RM5,000. In addition, an **additional assistance of RM300 will also be provided to senior citizen households**. This means that a single mother or father with three or more children is eligible to receive a **maximum BKM of RM2,500**.

29. In total, BKM is expected to benefit more than 9.6 million recipients with an allocation of RM8.2 billion, which is an improvement compared to 8.6 million recipients and an allocation of RM7 billion under BPR.

30. In relation to the welfare assistance that is managed by the Social Welfare Department (or JKM), the **income eligibility requirement will be increased in line with the 2019 Food Poverty Line Income** at RM1,169 compared to the 2016 Poverty Line Income of RM980. Efforts to expand the coverage of social protection is in line with the Government's continued commitment to ensure that assistance reaches the hands of those that are truly in need, taking into account the higher cost of living. Therefore, with this increase, more people will enjoy the welfare benefits from JKM resulting in an expected increase in allocation of RM200 million. In total, RM2.4 billion will be provided for the distribution of welfare assistance to benefit more than 440,000 households in need.

Datuk Speaker Sir,

31. Taking the wisdom of the words of *Allah, Subhanahu Wa Taala* in verse 220 of *Surah al-Baqarah* – we are reminded of the need to protect the welfare of orphans. As a result of the COVID-19 pandemic, more than 4,700 children have lost their parents, who passed away as a result of the virus. As Keluarga Malaysia, it is our

responsibility to ensure that the future of these children continue to be safeguarded.

32. Next year, the Government will provide RM25 million to **Yayasan Keluarga Malaysia** to lead the efforts to protect the welfare, education and future of these orphans. In addition, the Government will also encourage all parties, especially the corporate sector, to contribute towards their welfare.

33. On the 16th of October, Yang Amat Berhormat Prime Minister had the opportunity to visit children who had lost their parents due to COVID-19. The whole country expressed their sympathy towards the fate of these children. For Muhammad Hadhrami; Husna Humaira; Muhammad Harraz; Muhammad Hawwas and Hannan Humaira as well as the other orphans of Keluarga Malaysia, we love all of you, and we will always be there to look after you.

34. The Government would like to urge all parties, albeit NGOs, local communities, local leaders and even the corporate sector to play a role in ensuring the welfare of these children continue to be safeguarded so that the orphans are able to live together as one family without being separated anyone and able to build a bright future.

## Initiative 2: Access to Public Healthcare Facilities

Datuk Speaker sir,

35. The Government will continue to prioritise public health to build national resilience in our preparations for the endemic phase of COVID-19. Budget 2022 will provide **RM32.4 billion to the Ministry of Health** for their operating and development expenditure. As a Government that cares about the well-being of its people, the allocation for the health ministry is the second largest after the education ministry.

36. Our war with the COVID-19 pandemic is not over yet. Therefore, an additional RM4 billion will be provided specifically to continue the **agenda on managing COVID-19**, which includes RM2 billion to fund the vaccination programme. Another RM2 billion will be provided to enhance the capacity of public health service facilities including the purchase of medicine, consumables, personal protective equipment (PPE) and health kits. In the spirit of *Keluarga Malaysia*, the Ministry of Health have also outsourced to private hospitals and hospitals under other Ministries in order to optimise the health capacity in the country.

37. Further, in order to continue the fight against COVID-19, the Government intends to **procure antiviral drugs** that have been found to be effective against various viruses including COVID-19.

38. Most importantly, the **National COVID-19 Immunisation Programme will be further enhanced** to provide the third dose of the COVID-19 vaccine as a booster shot to all adults as well as continuing the vaccination of children aged 12 to 17 years old. The Government has signed agreements to procure 88 million doses, which is equivalent to 140% of our population and this is sufficient to provide a third dose to all residents aged 12 years old and above.

39. At this juncture, I would like to express my appreciation to all Yang Berhormat, who have unanimously approved the amendment to the Act, to allow the usage of **Kumpulan Wang Amanah Negara** funds to finance the procurement of COVID-19 vaccines. With the amendment, the Government will optimise its resources to fulfil the vaccination needs of the nation in ensuring our recovery and build resilience of the *rakyat* and businesses.

40. For next year, the Government proposes to provide individual tax relief and tax deduction to employers on costs associated with the adoption of self-funded booster vaccines.

Datuk Speaker Sir,

41. Public health aspects will also be given due attention. To foster a culture of healthy living as well as addressing non-communicable diseases such as diabetes, high blood pressure and obesity, the

Government will continue to drive the national health awareness program, **Agenda Nasional Malaysia Sihat**. During a Budget engagement session with the youth, Dr. Shantesh Kumar had raised the issue of Rare Diseases. In view of this, the Government will also **strengthen the clinical management of Patients with Rare Diseases** in Malaysia such as lysosomal.

42. In addition, in support of a healthy lifestyle, the Government proposes to expand the imposition of **excise duty on sugary drink products** in the form of pre-mixed chocolate or cocoa, malt, coffee and tea. The Government also plans to **impose excise duty on liquid or gel products containing nicotine** that are used for electronic cigarettes and vaping.

43. To support the effectiveness of public health services, the Government will work with the **Red Crescent Society and St. John Ambulance** to improve access and responsiveness of ambulance services.

44. The Government has agreed to extend the contracts of more than 10,000 medical, dental and pharmaceutical officers for a maximum of four years after their two-year compulsory service period to ensure continuity of their service and also as preparation for their specialist training. In addition, I am pleased to announce that the Government agrees to **approve the sponsorship of medical**

**specialist programmes with an allocation of RM100 million for the benefit of 3,000 medical and dental contract officers.**

45. This crisis has exacerbated the problems of poverty, domestic violence and depression which are the root causes of mental health. Studies have shown that women are the most affected during this pandemic. Therefore, this Budget will allocate RM70 million to ensure that **mental health issues** are continuously given due priority, by among others, to strengthen mental health support services, counselling and psychosocial support, increase mental health advocacy programmes and strengthen the role of NGOs as partners on mental health programmes.

46. Further, the Government proposes to expand the scope for individual income tax relief for full medical check-up expenses to cover the cost of check-up or consultation service related to mental health from registered psychiatrist, clinical psychologist and counsellor.

### Initiative 3: Quality Education for All

Datuk Speaker Sir,

47. This budget continues to prioritize education as the most important segment of public expenditure. The **Ministry of**

**Education Malaysia will continue to receive the largest allocation of RM52.6 billion** or 16% of the total estimated Federal expenditure. The Ministry of Higher Education will be allocated a total of RM14.5 billion.

48. There is nothing more exciting for children than when they return to school to meet their friends. At the beginning of each year, of course, parents are the busiest to provide for their children's schooling supplies. For the year 2022, the Government has agreed to provide an **Early Schooling Assistance of RM150 per student**, an increase from the previous RM100. A total of RM450 million will be allocated which is expected to benefit 3 million eligible students.

49. With the re-opening of schools, ensuring a conducive learning environment for our children will be given special attention. Next year, an allocation of RM1 billion will be provided for **school maintenance and upgrading works**. This allocation for maintenance includes RM140 million to JAKIM for registered tahfiz schools, rakyat religious schools and pondok religious schools which is an increase compared to RM100 million in 2021.

50. The allocation for maintenance to more than 10,000 schools under the Ministry of Education will be distributed according to the type of school and based on a consistent rate. For 2022, a total of

RM120 million will be provided for the benefit of 1,800 National-Chinese Schools as well as National-Tamil Schools.

51. In addition, next year, the Government will continue to **upgrade dilapidated schools** with an allocation of RM746 million . The bulk of this allocation will go towards upgrading 112 and 165 dilapidated schools in Sabah and Sarawak respectively.

52. To **strengthen the agenda for special needs education**, the Government will provide RM50 million, among others, to fund the purchase of teaching aids and to improve the facilities in special needs schools. In addition, a total of eight new blocks for the special need education will also be built, among them at SMK Tuanku Lailatul Shahreen in Perlis and SMK Agama Alor Gajah in Melaka.

53. To ensure students from low-income families receive their daily nutritional intake for wholesome physical and mental development, the Government proposes to provide daily milk as part of the **Supplementary Food Programme (RMT)** with an allocation of RM400 million. Part of the procurement under this programme will be earmarked for local milk producers.

54. During the implementation of the Home-based Teaching and Learning (PdPR), teachers played a vital role in ensuring that each and every student was not left behind in getting a formal education.

In appreciation of the services rendered by teachers who went the extra mile for their students during the pandemic period, this Budget provides an RM100 one-time **Special Incentive for Teaching Aids** to more than 400,000 teachers under the Ministry of Education.

Datuk Speaker Sir,

55. Throughout the pandemic, university students continued their studies in the new norm. For underprivileged students, they may have had to borrow a friend's device, or visit the internet cafe in town to complete their homework. In some instances, there were also those who were not able to attend online lectures. In order to ensure that the e for B40 students are not disrupted, the Government in collaboration with selected telecommunication companies (telcos) will implement the **PerantiSiswa Keluarga Malaysia initiative to supply a tablet** to every B40 student in institutions of higher learning. For this purpose, the Government will provide an allocation of RM450 million in addition to the commitment of RM65 million from the telcos. Insya-Allah, a total of 600,000 students from B40 families are expected to benefit from this initiative.

56. In addition, the Government proposes to extend the special individual income tax relief of up to RM2,500 for the purchase of mobile phones, computers and tablets until 31 December 2022.

57. The National Higher Education Fund (PTPTN) was established to manage and administer education loans provided to students who further their tertiary level education. Since this is a debt, it is an obligation that has to be repaid. Otherwise, it will deny our future generation the opportunity to further their studies. Therefore, to simplify the repayment process and cultivate a responsible attitude, the Government has agreed to provide a discount on the repayment of PTPTN loans from 1 November 2021 till 30 April 2022 as follows:

First: A discount of 15% on the outstanding debt for full settlement;

Second: A discount of 12% for repayment of at least 50% of the outstanding debt made in a single payment; and

Third: A discount of 10% for repayment through salary deductions or direct debit according to the repayment schedule.

58. Under the Twelfth Malaysia Plan, the Government has identified Technical and Vocational Education and Training (TVET) as one of the game changers to meet the labour demand from our industry. To **strengthen the TVET sector**, the Government will provide RM6.6 billion to implement various initiatives under the relevant ministries and agencies. Emphasis will be on meeting the current needs of the industry. Accordingly, an additional allocation

of RM200 million will be provided for collaboration with industries including the National Dual Training System (SLDN) and industry certification programmes.

#### Initiative 4: Generating & Sustaining Jobs

Datuk Speaker Sir,

59. As you may be well aware, the COVID-19 pandemic has left a significant impact on lives and livelihoods, with the unemployment rate rose to 5.3% in May 2020. While it has moderated to 4.6% in August 2021, nearly 750,000 of our brothers and sisters remain unemployed and in need of assistance.

60. In line with the spirit of guaranteeing jobs, for the upcoming year, the Government under the **Jamin Kerja Keluarga Malaysia (JaminKerja)** initiative will **guarantee 600,000 job opportunities** with an allocation of RM4.8 billion.

61. The Government via SOCSO will continue with the hiring incentive via the **JaminKerja** initiative with a target of 300,000 people and an allocation of RM2 billion. Under this initiative, for **employers who hire Malaysians who have not been actively employed**, the Government will provide an incentive of 20 per cent

of the monthly salary for the first six months and 30 per cent for the next six months subject to jobs with a salary of RM1,500 and above.

62. In addition, to **encourage employers to provide employment opportunities for targeted groups** like the disabled, Orang Asli and ex-convicts, the Government will provide an incentive of 30% of the monthly salary for the first six months and 40% for the next six months for hiring from this category subject to jobs with a salary of RM1,200 and above. To encourage **women to return to the workforce**, this incentive is also extended to employers who employ women who have been unemployed for more than 365 days, single mothers and housewives.

63. Further, the **Malaysia Short-term Employment Programmes** or MySTEP initiative will be continued next year by offering 80,000 contract employment opportunities covering 50,000 jobs within the public sector and 30,000 jobs within Government-Linked Companies from January 2022.

64. This budget also targets 220,000 trainees to undergo various **upskilling and reskilling programmes** with a total allocation of RM1.1 billion. Among the programmes that will be implemented is the place and train programme, which is a training programme with guaranteed placement into employment. In addition, the upskilling programme in collaboration with industries will be enhanced prioritising digital skills such as the GLOW programme under MDEC.

65. One such example is Madam Zeti Haiza, a manager at a travel agency in Melaka. Without any incoming foreign tourists from abroad, her income has been adversely affected. Having undergone the Global Online Workforce (GLOW) training programme by MDEC, Madam Zeti successfully ventured into online freelancing platforms and now generates income from home and offers her services to customers abroad.

66. Based on the successful implementation of the reskilling and upskilling programme under Budget 2021, more than 85% of trainees have been offered job placements. It is hoped that through the implementation of the JaminKerja initiative as well as the economic recovery measures, **the country's unemployment rate will reduce to 4%** thus returning the nation to full employment.

67. In an effort to encourage Malaysians to pursue training programmes and acquire new knowledge, **the limit of individual income tax relief for up-skilling** and self-enhancement course fees will be increased from RM1,000 to RM2,000 and extended to year of assessment 2023. In addition, those who undertake courses with any professional bodies will be eligible for a tax relief of up to RM7,000. Approved courses include professional courses in accounting, finance and ESG-related.

68. The Government also propose to extend the double tax deduction to companies that provide scholarships to students in institutions of higher learning and this incentive will also expanded to all fields of study.

#### Initiative 5: Social Protection

Datuk Speaker Sir,

69. This pandemic has proven how our social protection system needs to be further strengthened and broadened in coverage. Therefore, the Government is committed to continuing various policies and protection programmes for the benefit of our Keluarga Malaysia in need.

70. Under the **Perlindungan Tenang Voucher programme**, eligible B40 recipients are able to receive a RM50 voucher as financial assistance to purchase the Perlindungan Tenang products including life and personal accident takaful. This initiative will be continued with an increase to the voucher amount to RM75 in 2022. In addition, this Voucher can also be used to help **purchase a 150cc and below comprehensive motorcycle insurance policy from 1 January 2022**. It is hoped that with this expansion in scope of coverage, the B40 group especially those who rely on motorcycles to earn a living will benefit from it.

71. In addition, the Government also proposes to provide stamp duty exemption for the Perlindungan Tenang Product as well as other insurance or takaful products with a premium or contribution value **not exceeding RM150 for individuals and RM250 for Micro, Small and Medium Enterprises.**

72. As of 30 September 2021, the **mySalam** insurance scheme for the B40 has paid out claims relating to hospitalization and critical illness of more than RM180 million to 125,000 patients. In addition, 229,000 individuals have also received compensation due to COVID-19 with a total value of RM115 million. For this year, the scope of mySalam has been expanded to cover the cost of medical devices such as stents for the heart. For the next year, the mySalam scheme will be expanded to cover eligible BKM recipients and claims for medical device benefits will also be extended to dependents of eligible mySalam recipients.

73. The **i-Saraan** initiative was implemented to encourage informal sector workers to save for retirement through EPF contributions. Through this initiative, the Government will match a minimum of 15% from the voluntary contributions made by the informal sector workers limited to a maximum of RM250 per year. For 2022, the Government will expand the beneficiaries of this initiative to include those aged between 55 and 60 years. A total of RM30 million will be provided and is expected to benefit more than 100 thousand existing and new participants.

74. To provide social protection to housewives and by contributing to EPF and SOCSO, the Government has provided RM80 million under the Kasih Suri Keluarga Malaysia Programme specifically to benefit housewives up to 55 years of age.

75. During the year, the Government expanded the social protection coverage under SOCSO by also **contributing for self - employed and informal workers**. For next year, this initiative will continue with matching contribution of 80% by the Government and extended to cover 9 new categories of self-employed such as farmers, fishermen, hawkers, artists, travel agents and Community Rehabilitation workers. This initiative is expected to benefit more than 810,000 self-employed.

76. Madam Ch'ng Pui Peng and her husband who hail from Perak, have lost their livelihoods. In addition to raising a child, she is also taking care of her ageing mother. While she was in the process of finding a job, she was also given the enhanced Job Search allowance under Employment Insurance System (EIS). With that allowance, she was allowed to care for her family. I am happy to inform that Mdm Ch'ng is now employed. Therefore, in the spirit of continuing to assist such individuals actively seeking employment, the Government will continue the **initiative of providing enhanced Job Search Allowance** to both contributors and non-contributors.

77. Since the outbreak of COVID-19, thousands of our Keluarga Malaysia, who had lost their source of income due to the death of their husband, wife or even parents, have relied on their survivors' pension under SOCSO. For 2022, the Government plans to **increase the minimum pension rate under the Skim Keilatan from RM475 to RM550**, which is expected to assist 56,000 households. In addition, this initiative is followed by a revision of SOCSO benefits to higher cost of living, which is expected to benefit more than 400,000 existing beneficiaries. With this increase, the Government also intends to increase the insured salary ceiling from RM4,000 to RM5,000 to improve the overall social security coverage for the 9 million active workers covered by SOCSO. In total, this initiative will incur an additional RM267 million worth of SOCSO benefits.

78. Further, the Government proposes to expand the tax relief of up to RM4,000 for EPF contributors to also include voluntary contributions, such as those who are self-employed in the gig economy.

79. Finally, to further encourage private employees to contribute to SOCSO and protect those who lose their jobs, the tax relief limit will be increased from RM250 to RM350 and the scope of relief for SOCSO contributions will also be expanded to cover employee contributions through the EIS.

## **STRATEGY 2: CULTIVATING KELUARGA MALAYSIA**

Datuk Speaker Sir,

80. The second strategy is to **Build a *Keluarga Malaysia***. What is the meaning of *Keluarga Malaysia* if it doesn't encompass initiatives for all segments of society regardless of race, religion, age, gender and territories.

### Initiative 1: Bumiputera Development & Syiar Islam

81. The 2022 Budget ensures that the **Bumiputera empowerment agenda** continues to be given priority in our efforts to bridge the racial gap in the country. For that, a total of RM11.4 billion is provided to implement various programmes under the umbrella of Bumiputera development.

82. Of that amount, RM6.6 billion is allocated for **educational purposes to Bumiputera institutions**, which includes those under MARA, UiTM and Yayasan Peneraju. This allocation is provided for educational loans as well as improving oneself via the enrolment in diploma level from certificate level programmes, in addition to efforts to **produce more Bumiputera professionals** in the areas of medicine, engineering and finance.

83. Meanwhile, a total of RM4.8 billion is set aside for various capacity building and funding programmes under Perbadanan Usahawan Nasional Berhad, TEKUN Nasional and Dana Kemakmuran Bumiputera.

84. In an effort to **increase the involvement of anchor companies in developing local Bumiputera vendors**, a double tax deduction for qualifying operating expenses has been increased from up to RM300,000 to RM500,000 and this initiative will be extended for a period of 5 years up to 31 December 2025.

85. Lastly, to **encourage the participation of Bumiputera youths in small scale Government projects**, a total of RM200 million will be carved out. Additionally, the Government, via CIDB will form a dedicated accelerator programme for G1 to G4 youth contractors, which will provide capacity building and on-the-job training, with a RM10 million allocation.

Datuk Speaker Sir,

86. The aspect of **upholding the pillar of Islam** is also a focus for Budget 2022. In total, the Government has allocated RM1.5 billion

for the management and development of Islamic affairs under the Prime Minister's Department.

87. Under the Islamic education umbrella, the Government will implement the following:

Firstly: Build an **Islamic secondary school in the Federal Territory of Labuan** at a total cost of RM65 million;

Second: **Expand the scope of Takmir** under JAKIM to Government agencies such as Malaysian Prison Department, National Anti-drugs Agency and Department of Social Welfare through the addition of 1,000 Takmir teachers; and

Third: Distribute a **special one-time payment of RM500** for the benefit of 70,000 Imams, Bilal, Siak, Noja, Marbut, Takmir and KAFA teachers.

88. Waqf as an instrument of wealth redistribution for the economic development of the ummah will continue to be strengthened. To produce more farmers and halal industry entrepreneurs as well as to assist them in the event of a disaster, the Government will launch the **Waqf SME Halal, Agriculture Waqf and Disaster Waqf initiatives** with an allocation of RM10 million as start-up capital. Corporates and the general public are encouraged to endow their property into this fund.

## Initiative 2: Community Empowerment

Datuk Speaker Sir,

89. Apart from national programmes which benefits all Malaysians, a total of **RM200 million is also provided specifically for the Chinese community**. This allocation, is to be used among others, for home repairs and new village development as well as the SME Entrepreneur Financing Scheme.

90. For **Indians, a total of RM145 million is provided** for the socio-economic empowerment of the Indian community under the Malaysian Indian Transformation Unit (or MITRA) and funding under the Indian Community Entrepreneur Development Scheme (or SPUMI) by TEKUN.

91. To encourage and educate **children in Sabah and Sarawak** to deepen their knowledge in culture and heritage, a total of **RM10 million will be allocated**.

92. For the **Orang Asli community, a total of RM274 million is allocated** to implement, among others, the Orang Asli Standard of Living Improvement Programme, which includes the provision of

subsidies and social welfare assistance will benefit almost 200,000 Orang Asli. In 2022, the Government will increase the Orang Asli Secondary School students' **subsistence rate** to RM4 per day.

93. To support the agenda of unity and culture of volunteerism at the community level, the Government will provide a **grant of RM6,000 for each Rukun Tetangga Area (or KRT)**. More than 8,000 KRTs will benefit from this grant with an allocation of RM50 million.

94. The Government has also allocated RM50 million for **repairs, maintenance and small development of non-Muslim houses of worship** in Local Authority areas. This provision also includes the implementation of community activities in collaboration with the management of the houses of worship and local residents.

### Initiative 3: Women Empowerment

Datuk Speaker Sir,

95. When we speak of women, they represent the best in this world and to be appreciated as our partner even in the hereafter. Women, if given the opportunity and space can be the main driving force for national productivity and economy. We should ensure that women

are able to fulfil their potential in contributing to our shared wellbeing.

96. The contribution of women in the economy has never been denied but needs to be strengthened. Currently, women hold 25% of Board positions on the top 100 public listed companies. However, 27% or 252 companies listed on Bursa Malaysia still do not have any female directors. Recognising the role of women in the decision-making process and to strengthen the governance and effectiveness of boards, the Government, through the Securities Commission, will make it **mandatory to have at least one female Board member for all public listed companies**. This initiative will take effect from 1 September 2022 for large cap companies and from 1 June 2023 for the remaining listed companies.

97. Additionally, the Government will allocate RM5 million to the **Women Leadership Foundation** to boost women's participation in the economic sector through, among others, youth leadership training and entrepreneurship programmes.

98. A total of RM230 million in funding will be provided to support women entrepreneurs, particularly those affected by COVID-19 as well as to expand their business activities, through, among others, the **DANANITA** programme **under MARA and TEKUNITA under TEKUN**.

99. The Government will implement the **MyKasih Capital Programme** to enable women to earn an income from home. Through this programme, assistance in the form of basic business capital will be provided, in addition to guidance and training to undertake online businesses. An estimated 5,000 participants including 2,000 single mothers are expected to benefit from this programme.

100. To improve the existing support system for working mothers, RM30 million will be provided for **childcare in Government buildings**, especially in public hospitals and universities. The Government will also encourage private sector employers to adopt flexible working arrangements, as well as to provide childcare facilities at the office. For this, other than through tax incentives, the Government will also amend guidelines to better facilitate childcare to operate above the first floor of office buildings.

101. In recognition of working mothers who require childcare services, the Government proposes to the **individual income tax relief of up to RM3,000 for fees paid to registered child care centre or kindergarten** until the year of assessment 2023.

102. We must acknowledge the contributions of women in our lives especially in their role as mothers. However, at times, there are parties who do not understand the struggles of a mother, wife, or a

daughter and allow for unacceptable acts to be perpetrated against women. This should not and must not happen.

103. As such, in addressing this issue, the Government will allocate RM13 million specifically to **strengthen the D11 Division - Sexual, Women and Children Investigation Division of the Royal Malaysian Police**, in addition to creating 100 new posts. In line with this, community awareness programmes on violence against women will be undertaken across the country **through the WAJA Squad**.

104. In addition, to protect the welfare of more victims of domestic violence, the Government will also add **Local Social Support Centres** as well as work with NGOs to increase the number of **Special Shelters for Women**.

105. The health and personal hygiene aspects of adolescent girls are very important in reducing health risks and potential school dropouts. My deputy, YB Paya Besar, in an engagement session, identified a serious issue – it is estimated that 130,000 young women from B40 families in Malaysia do not have access to hygiene products such as sanitary towels due to financial constraints. Therefore, the National Population and Family Development Board, in collaboration with the Malaysian Prisons Department will **distribute free basic personal hygiene kits** every month to 130,000 B40 female

teenagers. In addition, reproductive health campaigns and education will also be conducted in schools in collaboration with NGOs.

106. Furthermore, also in relation to the women's health segment, a total of RM11 million is provided as a **subsidy for mammogram tests to high-risk women and to implement cervical cancer screening tests for women.**

#### Initiative 4: Community Focused Empowerment

Datuk Speaker Sir,

107. The Government will continue to actively implement socio-economic development programmes and preserve the welfare of communities in focus, especially those involving the elderly, children, the disabled (OKU) and others.

108. By 2030, Malaysia will potentially be categorized as an ageing nation. To **ensure continuous assistance is extended to every senior citizen who needs support**, this Budget allocated more than RM635 million for the purpose of welfare assistance, care institutions and senior citizen activity centres.

109. The **aspect of child safety** is important especially when travelling on roads. To promote the use of child safety seats in cars, the Government will subsidize 50% or up to RM150 for the purchase of child safety seats by B40 households. A total of RM30 million is provided for this purpose and is expected to benefit 188 thousand B40 households.

110. Furthermore, it is important to emphasize children's health. The problem of malnutrition for children, especially among the urban poor, is very concerning. For next year, the Government has allocated RM24 million to:

First: Expand the implementation of the **Community Feeding Programme** to children from urban poor families in the states of Selangor, Johor, Penang, Kuala Lumpur and Putrajaya with the target of providing supplementary food five times a week to 100 children aged between 1 to 6 years old;

Second: Expanding the scope of recipients under the **Malnutrition Rehabilitation Programme for Children** which will benefit over 1,100 children; and

Third: Establish a **Mothers' Milk Bank** for premature babies in the Neonatal Care Unit of hospitals in Penang, Johor, Terengganu, Sabah and Sarawak.



Datuk Speaker Sir,

111. The welfare of the disabled has never been forsaken. For the next year, the Government is providing a special allocation of RM30 million to **upgrade Government buildings infrastructure to be OKU friendly**. Amongst other things, this allocation will also be used for the provision of more specialised paths for the visually impaired.

112. Apart from that, RM10 million is also allocated to Independent Living Centres and the Government Industrial Training and Rehabilitation Centre to implement **training and mentoring programmes for the disabled**.

113. In ensuring the availability of opportunities for disabled youths, the Government will set aside a **special quota of 1% from the MyStep** programme to be allocated for the disabled.

114. Probably not many people would recognise names like Madam Tan Lee Bee, Khairunnisa Kho Abdullah, Wan Zuraidah Abu dan Goh Soo Leng. They are actually the ones who serve as sign language interpreters that we often see in the corner of the television screen. To improve the accessibility of the media as well as to ensure that the disabled are kept up to date with current news and information, with the help of BERNAMA, **all TV networks including private channels**

**will soon ensure sign language interpreters** for their news programmes.

115. For 2022, the Government has also agreed to bear the full cost of **Motor Vehicle Road Tax** on all private vehicles owned by the disabled. Hopefully, this will provide a little relief for the disabled.

116. The **Community Rehabilitation Programme (or PPDK)** is used as an early intervention medium for children with disabilities to improve their skills and secure employment. So far, USM is the first university to implement such a PPDK. Next year, the Government plans to expand it to other public universities.

#### Initiative 5: Youth and Sports Development

Datuk Speaker Sir,

117. The youth represent the future of our nation and thus, determines its success or otherwise. Practical real work exposure is very important in learning to face the challenging realities at work. Since 2019, the Government has provided an allowance of RM900 to students that undergo industry training programmes. Thus, we call on the **private sector to also provide a monthly allowance of at least RM900** for the services rendered by such students.

118. On a related matter, the Government has provided **incentives to employers who employ apprentices**, namely school leavers and graduates aged 18 to 30 years. For 2022, the Government will improve the monthly incentive from RM800 to RM900 for a period of up six months.

119. To facilitate youths that venture into entrepreneurship, **financing of RM150 million has been earmarked by Bank Simpanan Nasional and Agrobank specifically for youth entrepreneurs.**

120. The Government proposes to **extend the tax incentive for the Structured Internship Program until the year of assessment 2025** and this incentive is also extended for students in the Master's Degree, Professional Certificate and Malaysian Skills Certificate Levels 1 and 2.

121. To foster a culture of cashless transactions at business premises, the Government will **credit RM150** as a one-off payment into the e-wallet accounts of youths aged 18 to 20 as well as full-time students at institutions of higher learning under the **eStart Programme (or e-Skim Transaksi Tanpa Tunai)**. With an allocation of RM300 million, the Government hopes that the 2 million youths who stand to benefit from this programme will be able to make the

best use of it through purchases such as books and learning equipment.

122. The song Negaraku which resounded in Tokyo recently, marked the success of our athletes in winning gold at the recent Paralympic Games. Our heartiest congratulations to Bonnie Bunyau Gustin, Cheah Liek Hou, Abdul Latif Romly as well as the entire national contingent for this proud achievement. Ahead of the 2024 Paris Paralympics, we target even greater success. Therefore, to **strengthen the OKU Sports industry**, a total of RM10 million is specifically allocated to expand the development of OKU Sports and the implementation of the OKU Sports League.

123. In a wider context, Budget 2022 also allocated a total of RM159 million to **build, upgrade and maintain sports facilities nationwide**. This allocation will be for, amongst others, the construction of a stadium in Bukit Merbau, Pasir Putih, Kelantan, spanning facilities such as a hockey field, shooting range and an aquatic centre.

124. To ensure that the people return to an active lifestyle in line with the post-COVID 19 recovery, the Government will allocate RM50 million to implement programs such as **cultivating an active lifestyle, Fit Forever and the National Sports Day**.

125. E-Sports has become a new phenomenon among the youth and is seen as having bright prospects for development at a national level. To boost the growth of e-sports, a total of RM20 million is provided for the **Development of National e-Sports** including RM5 million to **create a drone sports centre-of-excellence**.

126. I was thrilled when I received news of Malaysian-born athletes winning at the recent international e-sports championship in Romania. This success is testimony that our country has young talent that needs to be supported and honed. To recognise the achievements of our Malaysian-born e-sports athletes like NothingToSay, xNova Mushi, and Oli, the Government proposes to allow an income tax exemption on recognised e-sports tournament prize money.

127. The sports industry has also been deeply impacted by the pandemic. Restrictions on social and sports activities have caused many owners of such facilities to face challenges in recommencing operations as the economy reopens. In meeting their financial needs, Bank Simpanan Nasional will provide a **financing facility** of up to RM50 million entailing zero interest rates for the first six months and a repayment moratorium for six months.

### **STRATEGY 3: BUILDING A CONDUCTIVE LIVING ENVIRONMENT**

128. The third strategy is to **build a conducive living environment**. Efforts under this strategy are focused on alleviating the cost of living, encouraging home ownership, improving access to public transportation, developing rural infrastructure as well as enhancing national defence and public safety.

#### Initiative 1: Alleviating the Cost of Living

Datuk Speaker Sir,

129. In total, the Government has prepared over **RM31 billion under Budget 2022, particularly for subsidies, aid and incentives**. This allocation is intended to mitigate the rising cost of living on the rakyat via price controls on goods and services.

130. To ensure rural areas, particularly in Sabah and Sarawak, have access to basic goods such as LPG and petrol at reasonable prices, the Government will allocate **RM200 million to subsidise the cost of transportation and distribution of basic goods to rural areas**.

131. The Government understands the financial challenges faced by the rakyat following the pro-longed movement control orders, especially in managing cash flows. To provide more cash in the hands of the rakyat, **the minimum employee EPF contribution rate**

**reduction from 11% to 9% will be extended** up to June 2022 involving a potential value of RM2 billion.

132. To reduce the cost of vehicle ownership, the Government will also extend the 100% sales tax exemption on CKD passenger vehicles and 50% on CBU including SUV and MPV for six months until 30 June 2022.

### Initiative 2: Home Ownership

Datuk Speaker Sir,

133. Every member of Keluarga Malaysia has the right to own a home as a necessity of life. Towards that end, the Government will continue housing projects specifically for low-income groups, with an allocation of RM1.5 billion. This allocation will, amongst others, involve the continuation of *rumah mesra rakyat* and maintenance assistance *bantuan menyelenggara perumahan rakyat* programmes. At the same time, the Government will not impose **Real Property Gains Tax** from the disposal of real property in the 6th year onwards will be.

134. I am cognisant of the challenges facing gig workers, small business owners and farmers in getting a housing loan. Many of these individuals have the capacity of repay their loans but have no

proof of fixed income. To improve access to financing and help this group purchase a house, the Government in 2022 will be providing guarantees of up to RM2 billion to banks via **Skim Jaminan Kredit Perumahan**.

### Initiative 3: Access to Public Transportation

Datuk Speaker Sir,

135. Some in the interiors of Sabah and Sarawak are forced to traverse roads related to logging and spend hours travelling to gain access to services in their nearest town. The Government empathises with the hardship faced by those in locations such as Kudat and Long Pasiyah in Sabah as well as Ba'kelalan and Bario in Sarawak. Thus, in the year ahead, the Government will continue to provide **subsidies for air transportation services of RM209 million** for the benefit of locals.

136. I have long been interested in the now viral train service to Dabong. Located at Kuala Krai in Kelantan, Dabong has always been a popular spot for eco-tourism combined with a very affordable train fare. The KTMB train service is always full on the weekends. However, on weekdays, most of its passengers are school students. These students currently benefit under the MyRail5 pass initiative which costs a mere RM5 a month for use on an unlimited basis. Thus, the Government will continue to provide **subsidies to partly support the**

**cost of uneconomical train services** in rural areas especially in the East Coast and continue to provide the **MyRail5** pass initiative to benefit school students.

137. Moreover, the Government has provided RM80 million for the **Interim Stage Bus Support Fund (ISBSF)** to benefit stage buses as well as RM115 million for the unlimited travel pass for bus and rail priced at RM50 monthly for commuters mainly in the Klang Valley.

#### Initiative 4: Rural Infrastructure

Datuk Speaker Sir,

138. In reducing the development gap between regions, the Government is committed to further improve the well-being of rural Malaysians. In the year ahead, more than RM2.5 billion has been prepared for various rural programmes such as:

First: Nearly RM1.5 billion to implement **rural and inter-village road projects** spanning 519 kilometers that will benefit over 130,000 people;

Second: RM382 million for **rural and alternative water supply** with a target of 4,800 homes;

Third: RM485 million for **rural electricity supply** with a target of 2,100 homes; and

Fourth: RM107 million to install **7,000 new units of Kampung street lights and maintain more than 500,000 existing units of street lights**, upgrade 20 dilapidated bridges while undertaking preliminary works for the construction of a further 30 new bridges.

Of this total allocation, a large portion namely RM1.5 billion, is allocated for the **development of rural infrastructure in Sabah and Sarawak**.

#### Initiative 5: National Defence & Public Safety

Datuk Speaker Sir,

139. Economic prosperity would not be possible without peace and stability. In the year ahead, the Budget will allocate RM16 billion and RM17 billion for the Ministry of Defence and the Ministry of Home Affairs, respectively.

140. This includes an allocation of RM1.6 billion to improve the **readiness of primary assets by the Malaysian Armed Forces**. This allocation will also involve RM14 million to replace primary

equipment for PAKSAL and PASKAU like parachutes, diving equipment and boats.

141. The **welfare of the police and armed forces** will continue to be a priority. In the year ahead, RM230 million will be prepared for maintenance and repair works for schools in military camps, military facilities and military quarters, namely Rumah Keluarga Angkatan Tentera. The said allocation will also be used for the repair and replacement of lifts in PDRM quarters.

142. To protect Malaysia's sovereignty, the Government will **add eight border control posts under Pasukan Gerakan Am** including in Pagalungan in Sabah and Temong Mura in Sarawak to improve border monitoring and enforcement.

143. In addition, the Government will **add four new immigration access points** including in Telok Melano and Baleh in Sarawak to meet the needs of increased cross border traffic following Indonesia's plan to move its capital to Kalimantan and the opening of the Telok Melano line under the Pan Borneo Highway.

144. In facing the upcoming flood season during the North East monsoon, the **preparedness of the National Disaster Management Agency** will be critical. For 2022, RM100 million will be provided to,

amongst others, reduce the burden of flood via the distribution of food kits.

145. Moreover, the Government will execute the **Malaysian Incentive Community Empowerment** initiative via the awarding of grants of up to RM10,000 to 2,000 associations registered with The Registry of Societies Malaysia in the category of welfare, social, safety and basic rights. This initiative involves an allocation of RM20 million.

## **SECOND FOCUS: RESILIENT BUSINESSES**

Datuk Speaker Sir,

146. The pandemic has spared none from its effects. Businesses of all sizes, from the micro and small and all the way to large multinationals, were directly impacted by the pandemic. For example, nearly 37,000 small and medium enterprises (SMEs) have closed down since the outbreak of the COVID-19 crisis. To minimise the impact of the crisis, the Government has announced various initiatives through relief and stimulus packages to ensure business continuity.

147. With most economic sectors now back in operation, domestic demand is expected to recover. However, there are still a number of

economic segments that have been badly affected and still need support to bounce back and rebuild themselves. Hence, the second focus, **Resilient Businesses** will focus on strategies to restore business capabilities which include to ensure access to financing, drive strategic investments and revive targeted sectors.

## **STRATEGY 1: REVIVE BUSINESS CAPABILITIES**

148. As part of the first strategy, which is to **revive business capabilities**, the Government as a facilitator will expand access to financing for businesses, especially for the micro entrepreneurs and those in the informal sector. Based on my engagements with various stakeholders, financing access issues are often raised, among both small enterprises and large companies.

149. To that end, for 2022, a total financing package of RM40 billion will be made available under the **Semarak Niaga Keluarga Malaysia Programme** (or SemarakNiaga). This financing scheme includes direct loans, financing guarantees and equity-based schemes, which aims to benefit businesses of all sizes, from micro-enterprises all the way to public listed companies.

### Initiative 1: Microcredit Scheme

150. Next year, microcredit financing worth about RM1.8 billion will be provided through various agencies such as TEKUN, Agrobank,

BSN, Bank Rakyat and Bank Negara Malaysia. This initiative takes heed of YAB Minister's concern for interest-free financing to support and assist the microentrepreneurs.

151. As such, TEKUN will be introducing a financing scheme for microenterprises and the informal sector which will offer financing at zero % interest for a maximum loan amount of up to RM10,000, with a moratorium period of up to 12 months. Under this scheme, priority will be given to micro traders in the informal sector. In addition to that, BSN and Agrobank will also offer micro credit loans of up to RM75,000 at a zero % interest rate for the first six months of the loan tenure, with a six-month moratorium.

152. Recognizing the importance of the cooperative movement's contribution, the Government will continue the Cooperative Movement Economic Transformation Program (TRANSFER) with an allocation of RM10 million to help affected cooperative activities recover. In addition, a fund of RM30 million will be provided for the Cooperative Economic Recovery Intervention Financing Program. At the same time, programmes such as the provision of food truck business sites in major urban areas will be implemented through the Malaysian Cooperative Commission to support business activities by cooperatives.

153. In support of social finance initiatives, the Government will also allocate RM20 million to help expand the i-TEKAD programme

which offers initial capital, microcredit and structured training to microenterprises.

## Initiative 2: Business Financing and Alternative Financing

Datuk Speaker Sir,

154. There are companies that are viable but have limited capability to obtain new funds. As such, the Government and financial institutions have introduced new forms of financing that are more flexible to provide companies with some breathing space amid efforts to revive their business.

155. It is worth noting that funding through equity crowdfunding and peer-to-peer lending platforms grew rapidly during the pandemic, where RM1.3 billion in funding was raised via these platforms since the start of the pandemic. Therefore, the Government will continue to support such platforms with an allocation of RM80 million in matching grants for the Malaysia Co-investment Fund, in addition to the investment by BPMB of RM100 million.

156. In addition, to assist companies facing gearing or leverage problems, funding worth RM2.1 billion will be allocated to support equity and quasi-equity investment schemes which will be led by SME Bank in collaboration with TERAJU and BSN with a fund worth RM600 million open to all, and especially targeted for all businesses

including Bumiputera entrepreneurs. Similarly, BPMB will also allocate RM500 million for its Rehabilitation and Support through Equity scheme (or RESET) in addition to BNM's Business Recapitalisation Fund worth RM1 billion.

157. In total, RM14.2 billion worth of funds will be available in 2022 for SMEs, through SME Bank, PUNB, BPMB, AgroBank, MIDF, and MARA as well as through BNM's Funds for SMEs. Under BNM's Funds for SMEs, the Targeted Relief and Recovery Facility (or TRRF) has also been upsized by RM2 billion, bringing the total available funds under various SME facilities administered by BNM to RM11.2 billion.

158. In addition, a specific initiative to assist companies listed on the Bursa Exchange will also be introduced. This initiative aims to help viable companies that were affected by the COVID-19 pandemic get an injection of additional funds through a **Government-owned SPV in the form of equity instruments** or other related instruments. For this purpose, Khazanah Nasional Berhad will be given the mandate to help the Government in providing the infrastructure to manage the fund size of at least RM3 billion.

### Initiative 3: Business Financing Guarantee

Datuk Speaker Sir,

159. To date, Syarikat Jaminan Pembiayaan Perniagaan (SJPP) has provided over RM46 billion worth of business financing guarantees to over 44,000 companies. SJPP has helped enable SMEs to obtain financing especially during difficult times. This year, SJPP will enhance the scheme with an additional guarantee limit of RM10 billion to provide guarantees for loans that are being rescheduled and restructured for companies in need with RM2 billion being dedicated to Bumiputera businesses. This will help affected companies secure new financing that under normal circumstances, would have been difficult to obtain. In reducing related transaction costs, the Government will also grant stamp duty exemption for the rescheduling and restructuring transactions.

### Initiative 4: Ease of Doing Business

Datuk Speaker Sir,

160. Compliance with SOPs is of paramount importance to reduce the risk of COVID-19 outbreaks and ensure the safe reopening of the economy.

161. As such, the Government proposes to **extend the tax deduction of up to RM300,000** on the cost of for renovating and refurbishing business premises until 31 December 2022 in order to comply with relevant SOP requirements such as ventilation and customer seating.

162. Additionally, for companies registered under Safe@Work, a further tax deduction of up to RM50,000 on rental expenses of employees' accommodation premises will be extended until 31 December 2022.

163. To increase **opportunities for participation in Government procurement**, we will also simplify the requirements for registration where companies registering for the first time will only be required to pay RM150 compared to RM450 before this. In addition, companies operating in SOHO business premises, shared partitions and co-working spaces are also allowed to register.

164. To make it more convenient for business visitors and investors, a Business Traveller Centre was opened at Kuala Lumpur International Airport. The centre facilitates the arrival of Short-term Business Visitors who are exempted from mandatory quarantine subject to strict SOP compliance. Next year, a similar one-stop centre will be set-up in Johor for Short-term Business Visitors from Singapore at a cost of RM10 million.

165. Whenever I met MSME entrepreneurs, they expressed hope and confidence that 2022 will be the year to invigorate their businesses. Nevertheless, after two years of being shrouded by the COVID-19 pandemic, they still require assistance to recover and fully bounce back. To help entrepreneurs get in motion, the Government proposes the following:

First: a deferment of income tax instalment payments for MSMEs for six months until 30 June 2022;

Second: that all businesses are allowed to amend the estimated income tax payable on the 11th month before 31 October 2022;

Third: a special tax deduction to the owners of buildings or business premises who provide rental reduction to tenants of at least 30% from the original rate be extended until June 2022; and

Fourth: that accumulated unabsorbed business losses tax treatment that can be carried forward be reviewed from 7 consecutive years of assessment to a maximum of 10 consecutive years of assessment.

## **STRATEGY 2: DRIVING STRATEGIC INVESTMENTS**

Datuk Speaker Sir,

166. The Government remains committed in ensuring that Malaysia continues to be an attractive investment destination, providing significant spill over effects to the economy. The second strategy is to **drive strategic investments** in key sectors and strengthen growth drivers.

### Initiative 1: Investments in Key Sectors

167. **A special fund for strategic investments up to RM2 billion** will be prepared to attract strategic foreign investments by multinational companies, especially those that complement industry value chains and drive knowledge-based jobs creation as well as development opportunities for local SMEs.

168. To intensify the nation's economic recovery, **RM25 million** is allocated under the Budget to explore high impact investments and new export markets through the **Trade and Investment Mission**.

169. To fulfil skills requirements especially in high value-added industries, an allocation of **RM80 million** will be prepared through MITI to train 20,000 workers to **support industrial clusters** such as MRO in Subang, E&E in Kulim and Chemicals in Gebeng. Besides

that, RM50 million will also be provided through state skills development centres, such as in Sarawak, Johor and Penang, to improve the TVET skills of 5,000 workers in areas such as oil and gas welding, industrial automation and mechatronics.

170. I had the opportunity to meet Mr. Kamarul Muhamed, the founder of Aerodyne Group in Cyberjaya and was impressed with the progress of this Bumiputera company. Aerodyne commenced operations in 2014 with only three employees. Today, Aerodyne has grown rapidly to become the largest drone service provider in the world. Hence, to further encourage the involvement of local players in this industry, a **matching grant of RM100 million** will be provided to Bumiputera SMEs to **explore business opportunities in the aerospace segment.**

171. To increase productivity via automation, the Government will allocate RM100 million to provide **Smart Automation matching grants** to 200 companies in the manufacturing and services sector to automate their business processes.

172. The Government will also **extend the Additional Reinvestment Allowance (or RA)** for two years for existing companies in Malaysia that have exhausted their RA and Special RA eligibility. This extension will bring the cumulative Additional RA period to 5 years. This is among the suggestions received from the Special Task Force to Facilitate Business or PEMUDAH which was

considered for Budget 2022. The Government will continue to study similar suggestions to improve the ease of doing business to drive investments.

173. In developing more **Halal MSMEs** that are able to compete internationally, RM25 million is allocated to the Halal Development Corporation to execute various programmes including the MSME Halal Product Digital Branding and the MSME Halal Product Marketability programme.

#### Initiative 2: Science, Technology and Innovation

Datuk Speaker Sir,

174. The Government will allocate RM423 million under MOSTI and KPT to **intensify R&D activities** in applying new innovations in line with the development of science and technology. This allocation includes RM295 million to public universities for research and innovation as well as to encourage industry collaborations.

175. Besides that, the Government will also prepare an allocation of RM12 million via matching grants through **Collaborative Research in Engineering, Science and Technology** in areas such as Gallium Nitride for application in LEDs and electric vehicles. These R&D focus areas were recommended by Mr. Tan from Clarion

Malaysia in my previous dialogue session with Electrical and Electronics industry figures.

176. An amount of RM30 million will be prepared to implement the **Innovation Hub: Industrial Revolution 4.0** under Technology Park Malaysia as an innovation ecosystem one-stop centre with the development of new emerging technology clusters such as drones, robotics and autonomous vehicles. This hub is expected to benefit and provide exposure to 10,000 potential entrepreneurs.

177. As an example of a successful startup story, Madam Goh Ai Ching from Penang received a Cradle Fund grant and founded Piktochart, a company that provides visual communication services through attractive infographics. Piktochart has successfully penetrated the international market, servicing clients including the US Government and Disney. The infographics displayed on the screen before you are also prepared using Piktochart software.

178. To encourage more success stories such as Piktochart, Cradle Fund as the startup ecosystem coordinating agency will be allocated RM20 million to intensify recovery efforts and build the resilience of the startup economy. In line with the aim of the Malaysia Digital Economy Blueprint, the **MyStartup strategy** will be executed in phases to benefit over 2,500 companies and create 5,000 job opportunities.

179. The Government will also allocate RM45 million as a technological transformation incentive for SMEs as well as mid-stage companies in the manufacturing and services sectors, in line with Industrial Revolution 4.0 or **Industry4WRD**.

180. To further boost innovation, the national regulatory sandbox under the MOF's FUTURISE will be further enhanced to conduct industry studies and recommend measures to facilitate innovation in the community and improve the ease-of-doing-business.

### Initiative 3: Perkukuh Pelaburan Rakyat Initiative (PERKUKUH)

Datuk Speaker Sir,

181. GLCs play an important role as deployers of human and financial capital as well as catalysts of national economic transformation. This year, GLCs have contributed significantly to the nation's recovery agenda such as by distributing laptops to 150,000 students under Tabung Cerdik and providing job opportunities through the MySTEP programme. For the year 2022, GLCs will continue to play an important role in driving the nation's recovery. Among the key initiatives that will be executed include:

First: **JALINAN GLC: MEMPERKASA PMKS** initiative to help entrepreneurs through initiatives such as consultation

services and financial support with a collective allocation of RM5 billion;

Second: **JALINAN GLC CSR: SEJAHTERA RAKYAT** initiative to assist the rakyat through initiatives such as medical device donations and scholarship programmes with a collective allocation of RM500 million;

Third: Accelerate payments to vendors up to a maximum of 14 days from invoice confirmation date;

Fourth: Ensure that 40% of local procurements are awarded to Bumiputera entrepreneurs;

Fifth: Offer 30,000 job opportunities under the MySTEP and PROTEGÉ programmes; and

Sixth: Increase volunteering efforts among GLCs.

182. In building resilience, GLCs will continue to invest in areas including renewable energy, supply chain modernisation and 5G infrastructure. Collectively, at least RM30 billion will be allocated for capital expenditure and investments next year.

183. Through the Perkukuh Pelaburan Rakyat programme (or PERKUKUH), it is our hope that GLCs will be more resilient with

better growth prospects. For example, Khazanah Nasional Berhad has prepared an Impact Fund amounting to RM6 billion as a catalyst towards the growth of new high value industries.

### **STRATEGY 3: RECOVERY FOR TARGETED SECTORS**

Datuk Speaker Sir,

184. For the third strategy, the Government is committed to **rehabilitating and catalysing the reform of several targeted** sectors such as the tourism, creative, retail, agriculture and commodity industries so that they will be able to resume operations at maximum capacity.

#### Initiative 1: Tourism Industry

185. The tourism sector is one of the industries severely impacted by the COVID-19 pandemic. Among those affected during this period was Mr. Jasni Amir, managing director of a travel agency which focuses on hajj and umrah packages. Due to this pandemic and the closure of international borders, Mr. Jasni's company was unable to fully operate. His company relies on Government assistance, particularly the Wage Subsidy Program, to retain its employees as well as reschedule loans to reduce the company's financial commitment.

186. To assist parties like Mr. Jasni, several key initiatives with a total value of RM1.6 billion will be implemented next year including:

First: **The implementation of the Wage Subsidy Program (WSP)** targeted for the tourism industry players. The Government will continue the WSP initiative specifically for tour operators whom experienced decline in revenue of at least 30%. With an allocation of RM600 million, this initiative will benefit more than 26 thousand employers and 330 thousand employees;

Second: **Specific financing for the tourism sector** of RM600 million under *PENJANA Tourism Financing* and *BPMB Rehabilitation Scheme*;

Third: **Special Assistance to more than 20,000 tour operators** registered under the Ministry of Tourism, Arts and Culture for a period of three months with an allocation of RM85 million;

Fourth: **Maintenance of tourism infrastructure** with an allocation of RM50 million including the Sultan Abdul Samad Building and Lembah Bujang in Kedah;

- Fifth: Granting of **matching grants for repair purposes** to 738 budget hotels registered under MOTAC as well as **repair grants for registered home stay owners** with an allocation of RM30 million;
- Sixth: Granting of matching grants to companies who organize **programs related to arts and culture** with an allocation of RM50 million; and
- Seventh: Incentive fund for the purpose of **promotional activities as well as domestic tourism** with an allocation of RM60 million.

187. Special individual income tax relief for domestic tourism expenses up to RM1,000 be extended until year of assessment 2022. We should enjoy the beauty and diversity of tourist destinations from the jungle eco park at Taman Eko Rimba Bukit Ayer in Perlis, historical heritage in Kota A Famosa Melaka, beach Teluk Cempedak in Pahang, Kampung Budaya in Kota Kinabalu and Gunung Santubong in Sarawak.

188. The Government will intensify efforts to revitalize the international health tourism industry at an immediate pace to **strengthen Malaysia's position as a preferred health tourism destination** with an allocation of RM20 million to the Malaysia Healthcare Travel Council.

189. The Government also proposes to extend several tax incentives including income tax exemption for organizers of arts and cultural activities as well as international sports and recreational competitions until the year of assessment 2025.

190. Exemption on entertainment duty for entertainment activities in all Federal Territories until 31 December 2022. State authorities are similarly advised to provide duty exemption on entertainment activities to support the recovery of this sector.

### Initiative 2: Creative Industry

Datuk Speaker Sir,

191. In reviving the creative industry's activities, agencies such as **FINAS, CENDANA and MyCreative Ventures will intensify various initiatives**. A total of RM188 million is provided to continue initiatives such as the Digital Content Fund, Digital Multimedia Content project, Film Incentive, Perkasa Modal Insan Program and SOCSO protection for artists.

192. In addition, the Government next year will make the **Program Rihuh Keluarga Malaysia** a success through an investment loan matching fund amounting to RM20 million. The move is expected to provide 5,000 new job opportunities.

193. Household names such as Upin and Ipin, Agent Ali and Boboboi are famous not only in the country but also across the globe. To bring more local animation to the international stage, the Government has allocated RM30 million through the **Investment Loan Matching Scheme** for the National Animation Platform initiative which will be operated by MyCreative Ventures.

### Initiative 3: Retail Industry

Datuk Speaker Sir,

194. The retail industry is also among those severely affected by the pandemic. For 2022, special focus will be given to help local social enterprises, halal, handicraft, agricultural and entrepreneurial enterprises to switch to digital services. Looking at the success of the **Shop Malaysia Online and Go-eCommerce Onboarding** campaigns which have benefited more than 500 thousand local entrepreneurs, the Government will continue this program with an allocation of RM250 million.

195. Micro SME entrepreneurs are eligible to receive benefits of up to RM2,000 for e-commerce implementation activities, training in marketing and digital payments. As an initiative to support the recovery of the tourism sector, the Government encourages the use of Shop Malaysia Online vouchers at business premises and for the

purchase of tickets in tourist attractions such as zoos and theme parks.

196. To boost the production and purchase of local products, the Government is committed to implementing initiatives to support local handicrafts and natural resources through the **Buy Made in Malaysia Campaign, Malaysian Sales Program and Khazanah Alam Industry Direct Selling Program** with an allocation of RM33 million.

197. I am sure many of us have bought the Putu Bambu World sold at rest areas and highway stops. Its founder, Encik Mohamad Hassan, started with just a small stall in 2008 and with handwritten cardboard signages. Today, the number of Putu Bambu World franchises have reached 70 branches nationwide. To those who are interested in becoming franchise entrepreneurs, the Government through **PERNAS will provide RM74 million, among others, to provide training programs and business guidance and a simple zero financing scheme** for the first six months together with a moratorium.

## Initiative 4: Agriculture Industry, Food Security and Commodities

Datuk Speaker Sir,

198. The Government will continue to drive modernization in the agricultural sector in improving food security and safety by increasing productivity, generating higher incomes and attracting more young generations of agropreneurs.

199. **The granting of subsidies and incentives for the agriculture and fisheries industry** will be continued with an allocation of RM1.7 billion of which RM1.5 billion will be allocated for seed, fertilizer, price and paddy production subsidies including huma paddy fertilizer subsidy of RM40 million. Incentives for fishermen's catch are also provided amounting to RM150 million.

200. For 2022, initiatives to increase food security amounting to RM120 million will be implemented as follows:

First: **Various Food Security projects** involving various states, including the Development of the Aquaculture Industry and Shellfish Estates in Johor;

Second: **National Food Security Strengthening Program** to provide logistics facilities and storage centres for high-

tech food supplies and fresh agricultural produce for farmers and agro-food entrepreneurs;

Third: **Ruminant Feed Incentive Assistance Program through the Subsidized Price Scheme for palm oil bran** to enable small ruminant farmers to obtain a supply of feed at cheaper prices in line with the concept of cyclical economy; and

Fourth: **SME Techno Entrepreneur Incentive Program** to increase crop production and food processing through the application of technology for the benefit of 140 agri-entrepreneurs as well as the program.

201. In an effort to increase agricultural areas and provide opportunities for the low-income group and youths including for graduates in generating income, it is proposed that idle and undeveloped land owned by the Federal Government and Malay Reserve land be leased for agricultural or business projects. Through this initiative, the lands can also be managed optimally and in an orderly manner.

202. As a complement, a financing program of up to RM1.25 billion will be provided by Agrobank and BNM through, among others, the AgroFood Facility amounting to RM500 million and the AgroFood Financing Fund amounting to RM200 million.

Datuk Speaker Sir,

203. The Government will allocate RM2.5 billion for 2022 to further strengthen the development of rural communities through commodity development programs. Of this amount, RM1.3 billion will be channeled to FELDA for the purpose of rehabilitation and development package for settlers, RM495 million for the benefit of FELCRA participants and RM699 million for the development of smallholder farmers in the rubber industry under RISDA.

204. The Government will implement the **National Rubber Industry Transformation Program** aimed at uniting smallholder farmers, rubber entrepreneurs and small cooperatives in a larger consortium, to be able to process rubber scrap into rubber creeps.

205. To help improve the socio-economic status of B40 smallholder farmers, the Government will introduce and expand the use of RRIM Hydrobest technology to smallholder farmers through a matching grant of RM15 million.

206. The Government also agreed to continue the Monsoon Season Assistance to help ease the living burden of 320 thousand smallholder farmers who lost income during the monsoon season with an allocation of RM190 million.

207. The Government will also provide takaful coverage to all PPK farmer members throughout Malaysia under the Farmers Smart Card Takaful Protection Scheme with an allocation of RM5 million.

208. Furthermore, to support the oil palm industry, the Government has allocated RM35 million to implement the Smallholder Farmers' Oil Palm Replanting Stimulus Scheme and RM20 million to address the anti-palm oil campaign at the international level.

209. Finally, for next year, the Government has agreed to increase the windfall levy threshold value for palm oil from RM2,500 to RM3,000 for Peninsular Malaysia and from RM3,000 to RM3,500 for Sabah and Sarawak. Meanwhile, the Sabah and Sarawak levy rates are adjusted to 3% similar to the levy rates in the Peninsula.

### **THIRD FOCUS: A PROSPEROUS AND SUSTAINABLE ECONOMY**

Datuk Speaker Sir,

210. The third focus is on a **Prosperous and Sustainable Economy**. The Government is committed to strengthen its development agenda so that growth remains sustainable and inclusive. Besides that, Budget 2022 will continue to support the implementation of the Twelfth Malaysia Plan, which prioritises three

themes namely economic rejuvenation, prosperity and inclusivity, and sustainability, towards a prosperous “Keluarga Malaysia”. Under this focus, emphasis will be given to the sustainability agenda, bridging economic gaps, fiscal consolidation and revenue sustainability as well as supporting public service delivery.

## **STRATEGY 1: SUSTAINABILITY AGENDA**

211. **The first strategy under the third focus is to strengthen the nation’s sustainability agenda.** We are committed to meet the Sustainable Development Goals (SDGs) and the annual budget formulation is now being aligned to the 17 SDGs. In addition, this year’s and subsequent years’ Budgets will also be aligned to green budgeting to enable movement towards the implementation of environmentally friendly development projects and programmes.

### Initiative 1: Low Carbon Practice

212. Climate change is a global issue and its impact is as severe as the pandemic we are experiencing today.

213. Recently, YAB Prime Minister has expressed commitment to make **Malaysia a carbon neutral country as early as 2050**. This commitment requires the country to drive reforms so that growth remains sustainable and competitive in the global market.

214. To meet the carbon neutral target, the Voluntary Carbon Market (or VCM) initiative will be launched under the advocacy of Bursa Malaysia. This initiative acts as a voluntary platform for carbon credit trading between green asset owners and other entities transitioning towards low-carbon practices.

215. On the other hand, to help SMEs adopt sustainable and low carbon practices such as by increasing the use of sustainable raw materials and renewable energy, BNM will provide a Low Carbon Transition Facility with a fund value of RM1 billion which will be based on matching fund arrangement with participating financial institutions.

216. The Government sees the potential of electric vehicles (or EVs) with Energy Efficient Vehicle (or EEV) features as means to minimise vehicle smoke pollution in the atmosphere. To support the development of the local EV industry, the Government proposes to provide import duty, excise duty and sales tax exemptions on EVs. Road tax exemptions of up to 100% will also be given to the vehicle owners. Additionally, individual income tax reliefs of up to RM2,500 will be given for the purchase and installation, rental and hire-purchase of EV charging facilities as well as payment of EV charging facility subscription fees.

## Initiative 2: Environment and Biodiversity

Datuk Speaker Sir,

217. The beauty of our natural environment and diverse biodiversity are our nation's most priceless treasures. For 2022, the Government will provide RM450 million to various ministries to implement several initiatives as follows:

First: **Nature conservation** projects such as the Penang Hill Biosphere Reserve and Tasik Chini Reserve as well as nature conservation projects to address coastal erosion in Pantai Merdeka, Kedah and to overcome floods in Melaka;

Second: Programmes to **empower the involvement of local communities, army veterans and Orang Asli** such as the Jahai tribe, as biodiversity guardians of forest areas through the additional recruitment of up to 1,000 patrollers;

Third: **Assistance for zoo operating costs, efforts to increase the breeding of Malayan Tigers** and implementation of the **Frozen Zoo program** to preserve the survival of endangered species;

Fourth: The **100 million Tree Planting Campaign** with a target of 20 million trees a year; and

Fifth: Grants to support the role of the **World Wildlife Fund (or WWF)** and **All-Party Parliamentary Group Malaysia (APPGM)** as well as Environmental Partners.

218. To institutionalise the implementation of **Ecological Fiscal Transfer (EFT)** for the conservation of biodiversity, RM70 million of EFT will be allocated **every year** to all states and the EFT implementation mechanism will be strengthened through outcome-based ecological criteria.

### Initiative 3: Community Empowerment

Datuk Speaker Sir,

219. Since the pandemic began, various parties especially NGOs, GLCs, social enterprises and communities have played an effective role as field agents to support the Government's efforts to develop the socioeconomics of the people. This year, the Government together with Yayasan Hasanah has funded various initiatives for the vulnerable.

220. One recipient of the Hasanah Special Grant is Earth Heir which is a social enterprise that promotes eco-friendly craft items

produced by the local community. The founder of Earth Heir, Miss Sasibai Kimis is determined to help these craft producers grow their income sustainably. Earth Heir and the Dusun Minokok tribe in Sabah have teamed up to produce the very bag I am using to carry the 2022 Budget speech today.

221. For next year, a total of **RM100 million will continue to be provided in the form of a matching grant with the contribution of GLC-owned foundations** to NGOs to fund various social programmes assisting the vulnerable in terms of education, income generation and mental health.

222. At the same time, to ensure social enterprises such as Earth Heir continue to grow and help their target groups, the Government proposes to provide tax exemptions on all social enterprise income for a period of up to 3 years of assessment subject to the validity period of Social Enterprise Accreditation from the Joint Committee on Accreditation of the Yayasan Hasanah and Ministry of Entrepreneur Development and Cooperatives.

223. **The Government Social Impact Procurement Programme** was previously introduced on a pilot basis with the aim of increasing the opportunities for social enterprises to participate in Government procurements. Starting next year, this initiative will be extended to all Ministries.

224. Moreover, the Government will also allocate RM14 million to the **United Nations Development Programme** to support their efforts in conducting various initiatives such as creating safe tourism and restoration activities in Mersing, Johor and Manjung, Perak.

225. Lastly, as an encouragement to civil servants to participate in and contribute via community service, a maximum of 5 days of unrecorded leave per year will be allowed under approved organisations.

#### Initiative 4: Sustainability Sukuk

Datuk Speaker Sir,

226. Malaysia is committed to fulfil its obligations as a signatory to the Paris Agreement. Last April, the Government successfully issued the world's first sovereign Sustainability Sukuk through an issuance of USD800 million. The sukuk has been oversubscribed by over 5.6 times which reflects investor confidence in the country. For next year, the Government will issue Sustainability Sukuk denominated in Ringgit Malaysia of up to RM10 billion to be channelled to eligible social or environmentally friendly projects.

## **STRATEGY 2: BRIDGING THE ECONOMIC GAP**

Datuk Speaker Sir,

227. The second strategy is to bridge the economic gap across dimensions. The year 2022 will also focus on efforts to implement major national projects that are able to provide economic benefits to the local population as well as bridge the economic gap between localities.

### Initiative 1: Development Projects for Recovery

228. To ensure that efforts to stimulate economic recovery are intensified, the Government will continue **the implementation of national infrastructure development projects** worth RM3.5 billion such as the construction of the Pan Borneo Highway and Central Spine Road.

229. To further boost high-impact infrastructure development activities through Public-Private Partnerships, the Government has allocated an initial fund of RM200 million through the creation of the **Infrastructure Facilitation Fund 3.0** under the supervision of the Public Private Partnership Unit, Prime Minister's Office.

230. Furthermore, the Government will also continue to implement small and medium sized projects worth RM2.9 billion earmarked for contractors in Class G1 to G4 nationwide. This allocation will, among others, encompass road maintenance projects, aging infrastructure and facilities upkeep for public universities, polytechnics and community colleges as well as other projects that involve rural social amenities.

### Initiative 2: Inter-Regional Development

Datuk Speaker Sir,

231. Balancing development between states and regions is important to ensure all Keluarga Malaysia members enjoy the fruits of development. For the five **regional economic development corridors**, development projects will be continued with an allocation of RM690 million comprising six new projects and 66 extension projects such as the Smart Agriculture project in Igan, Sarawak.

232. The Government will also assist the State Governments in enhancing economic development of the states. In this regard, a **special allocation of RM260 million, or RM20 million for each state**, will be provided to focus on projects relating to food security, tourism and environmental preservation and conservation.

233. Next, **Sabah and Sarawak** will receive an **increase** in **development expenditure allocation** worth RM5.2 billion and RM4.6 billion, respectively. These allocations are for, among others, implementation of water, electricity, and road infrastructure projects, as well as for education and health facilities.

234. Mobile banking efforts that started in Sarawak this year, such as in Pekan Sungai Asap, Belaga, has received encouraging responses. Rural residents come in large numbers to use the mobile banking services provided by BSN. Recently, this service has also been extended to Sabah on the efforts of Yang Berhormat Sipitang. Next year, an additional 20 **mobile banks** are expected to begin operating, covering 250 rural areas and counties, mainly in Sabah and Sarawak.

### Initiative 3: Digital Connectivity Projects

Datuk Speaker Sir,

235. In providing the latest broadband facilities to Keluarga Malaysia, the implementation of the **National Digital Network initiative**, (or JENDELA) will be further intensified. For 2022, the Government has provided RM700 million to continue digital connectivity efforts in 47 industrial areas and 630 schools, especially those in rural areas.

236. To ensure that the **residents in PPRs** are not left behind, the Government has also allocated RM30 million to provide internet facilities in 40 existing PPRs.

237. **The 5G services** will sketch a new technological landscape and offer a better and faster user experience. In addition, it also bridges the digital gap and creates new jobs. For 2022, 5G services will be expanded to 36% of high-density areas including in major cities in Johor, Selangor, Penang, Sabah and Sarawak.

238. To increase digital adoption among SMEs, the Government will enhance the **SME Digitization Grant Scheme** initiative. For 2022, the total funding for this scheme has been increased to RM200 million with RM50 million dedicated towards Bumiputera microentrepreneurs in rural areas.

239. To further intensify the transformation of business digitisation among rural entrepreneurs, the Malaysian Communications and Multimedia Commission will also transform **600 Keluarga Malaysia Digital Economy Centres** into One-Stop Centres to guide microentrepreneurs in using digital technology.

240. Digital nomads are those who generate income online without a fixed physical location. This group has the potential to contribute to the national economy, especially as tourists. To capitalise on this development, the Government will introduce the **Malaysia Digital**

**Nomad** programme to create a digital nomad community and ecosystem in Malaysia by using the tourism sector as a catalyst.

### **STRATEGY 3: FISCAL CONSOLIDATION AND REVENUE SUSTAINABILITY**

Datuk Speaker Sir,

241. The Government has had to navigate through the COVID-19 crisis with limited fiscal space given that the economy has yet to fully recover and revenue collection is affected. Consequently, the Government has depended on non-tax revenue while increasing the statutory debt in order to ensure that the various economic aid and stimulus packages, alongside development projects, can continue. For 2022, which is expected to be the year of recovery, we will commence reformation and fiscal strengthening in order to rebuild the country's fiscal resilience in preparation to face future challenges.

#### Initiative 1: Fiscal Responsibility Act (FRA)

242. For the first initiative, the Government wishes to introduce the **Fiscal Responsibility Act (FRA)**, which aims to improve governance, accountability and transparency in the country's fiscal management

as a way to ensure fiscal sustainability and to support for macroeconomics stability.

243. As I have mentioned before, the Public Consultation Paper on the Fiscal Responsibility Act has been published and all constructive feedback will be considered to enhance the draft that is underway. The Government proposes to table this Act in 2022.

244. Besides that, the Government is also collaborating with the World Bank in conducting the Public Expenditure Review in order to ensure efficiency and effectiveness of public spending without undermining public service delivery. With that, the Government hopes to improve the productivity in public spending in order to optimise every ringgit of the rakyat's money.

### Initiative 2: Revenue Sustainability Measures

245. The second initiative is a **revenue sustainability measure** and in line with international regulations, the Government proposes to provide equitable tax treatment as below:

First: where the rate of stamp duty on contract notes be increased from 0.1% to 0.15% and the stamp duty limit of RM200 for each related contract note is abolished and

at the same time, brokerage services related to the trading of shares listed on Bursa Malaysia be exempted;

Second: where income tax be imposed to residents in Malaysia on income derived from foreign sources and received in Malaysia from 1 January 2022.

Third: where sales tax be imposed on goods not exceeding RM500 from abroad sold online by seller and sent to consumers in Malaysia via air courier service.

Fourth: where service tax be imposed on goods delivery services provided by delivery service providers including E-Commerce platform. However, food and beverages delivery services and logistic services are excluded.

Fifth: where a Special Voluntary Disclosure Program be introduced by the Royal Malaysian Customs Department will be introduced in phases with a penalty remission incentive of 100% for the first phase and a penalty remission of 50% for the second phase. Tax remission will also be considered for certain cases;

Sixth: where the Tax Compliance Certificate issued by the Inland Revenue Board Malaysia be made as part of pre-

requisite for companies to participate in government procurement beginning 1 January 2023; and

Seventh: where the implementation of the tax identification number (TIN) be implemented beginning 2022 to broaden the income tax base.

246. In order to improve fiscal discipline and transparency while complementing the Medium-Term Revenue Strategy and the ongoing tax Incentive study, a **Tax Expenditure Statement** will be published. This is crucial in determining the costs incurred by the Government in providing tax incentives, one-off exemptions and other tax policies.

Datuk Speaker Sir,

247. Following the COVID-19 pandemic crisis, there is an increasing need to help affected rakyat. In ensuring that the health system is more resilient in facing future threats, the Government proposes to introduce a one-off special windfall tax to the companies that generate extraordinary revenue. The tax, known as **Cukai Makmur**, companies with chargeable income up to the first RM100 million will be subjected to income tax at a rate of 24% while the remaining chargeable income will be subject to income tax at the rate of 33% for the year of assessment 2022.

## **STRATEGY 4: SUPPORTING PUBLIC SERVICE DELIVERY**

Datuk Speaker Sir,

248. The public service continues to be our main support in managing the COVID-19 pandemic. The Government sincerely appreciates the support and sacrifice of every public servant in implementing various programmes and projects as well as all the economic aid and stimulus packages announced so far. The fourth strategy under the third focus is continued **support for public service delivery**. Government efforts to provide service with integrity and ensuring transparency in governance will continue to be enhanced so that the best service is delivered to the rakyat.

### Initiative 1: Reforming Service Delivery

249. To spur the digital transformation in Government services, the **MyDIGITAL initiative** was launched on 19 February 2021. In 2022, the National Digital Identity project, an identity verification platform, will be implemented to enhance connectivity between all kinds of transaction systems in order to ease and encourage safe digital transactions.

250. Besides that, **MyDIGITAL** also targets for 80% of Government services to utilise cloud storage by 2022. Hence, the Digital First Programme initiative will be introduced to encourage the usage of cloud computing in the public sector. Indirectly, this initiative will minimise the need for physical storage and cultivate a paperless culture.

251. Back in the days, the rakyat had to walk-in to Government counters and offices when services were needed. Now, various efforts have been implemented as part of Government's commitment to ensure that the rakyat is able to gain fast access to Government services, including through mobile clinics, mobile COVID-19 vaccination administration and mobile banks.

252. For the next year, the Government will also **expand mobile clinic services** administered by University Teaching Hospitals in an effort to increase the health screenings and health education access in targeted localities. To further facilitate public access especially in rural areas, JPJ will also provide **20 Mobile JPJ counters**.

253. To continue providing Government services outside of office hours, **100 kiosks with complete computer facilities will also be available at UTCs** across the country to better allow the public's access to JPJ's online services such as renewing driver's licence.



## Initiative 2: Government servants' welfare

Datuk Speaker Sir,

254. Ever since COVID-19 started to invade and permeate throughout our nation, the Government servants have been steadfast in nursing our nation back to health, working tirelessly to keep the family intact. In the process of overcoming this grievous episode, the frontliners together with the volunteers have toiled tremendously together and successfully carried out the Government's agenda effectively. Thank you, thank you and thank you to all.

255. For the next year, the Government plans to further enhance the benefits and welfare for Government servants as follows:

First: To reduce the profit rate of **Computer and Smart Phone Loan Financing Services** for Government servants from 4% to 2%;

Second: To allocate RM365 million for the **repairs and maintenance of quarters** and buildings under the supervision of the Property Management Division;

Third: To continue the **Personal Accident Protection Scheme** initiative up to RM100,000 to an estimated 40 thousand new borrowers of the Public Sector Home Financing

Board (LPPSA). The scope of this protection scheme will also be expanded with an additional three new protections which includes short term and permanent partial disability, partial and full, Haji by proxy and recovery cost for injuries sustained due to accidents;

Fourth: To increase the payment rate of **Inmates Monitoring Incentive** from RM150 to RM200 per month, which will benefit more than 14,000 prison officers. Additionally, this allowance will also be extended to 775 cadre officers at prisons that are involved in inmates' supervision;

Fifth: To increase the **assignment allowance of the Police Volunteer Reserve (PVR)** from RM7.80 to RM9.80 per hour; and RM6 to RM8 per hour for members. The increment is expected to benefit around 10,000 PVR; and

Sixth: As a sign of appreciation, **RM200 incentive payment will be given to the Pembantu Pembangunan Masyarakat Gred S19 and Pembantu Perawatan Kebajikan Gred U11 dan U14** that are stationed at 25 welfare institutions for their services and sacrifices in tending and taking care of senior citizens, OKUs and patients with mental health issues.

256. During the COVID-19 crisis, a large number of Government servants, especially the frontliners continue to be committed to their duties where they do not have the chance to take some time off. The Government recognizes the sacrifices made, and I am pleased to announce that the **maximum number of days for *gantian cuti rehat* (GCR) has been increased from 150 to 160 days.** Furthermore, the Government will also allow **early GCR redemption** up to 50% or 80 days, depending on the requirements. This initiative was proposed in consideration of those who might need to perform their haj pilgrimage or to provide for their children's higher education.

257. To appreciate the effort and sacrifice of the civil servants in carrying out their responsibilities for the rakyat especially during such a tumultuous time for the country, the Government is pleased to announce a **Special Financial Assistance** to 1.3 million civil servants Grade 56 and below of RM700 and to 1 million Government retirees of RM350, costing a total of RM1.3 billion. It is hoped that this assistance will motivate the civil servants to continue serving with utmost dedication.

258. All initiatives presented today would have no meaning if the implementation does not reach all of you as Keluarga Malaysia, effectively and efficiently. To that end, Yang Amat Berhormat Prime Minister will chair an **oversight committee** which is coordinated by

the Ministry of Finance towards ensuring that all Budget 2022 measures achieve the intended objectives successfully.

## CONCLUSION

Datuk Speaker Sir, Members of the House, brothers and sisters of our Keluarga Malaysia.

259. We have now come to the end of the tabling of the Budget.

*Hampir usai AMANAH yang diberikan, berlabuh kita di muara senja, sauh sudah labuh, pendayung sudah sandar, mualim tak sabar menanti jeda.*

May we hold on to the wisdom contained in verse 32, surah **Al-Qalam** (of the Holy Quran) – after giving all our efforts, we must submit to the will of the All Might, and may Allah **subhannahu wa ta’ala** bless us with that which is better than today.

But, know this...the fight against this pandemic is not yet over.

The plight of the rakyat is still felt, our frontliners have not returned to their loved ones, the war is still raging out there.

But we are almost on the verge of victory, rest assured, we are almost there.

Therefore, in this August House, I urge my fellow Yang Berhormats to support this Budget.

Within you voices there is wisdom: protecting lives, giving us strength... against the enemy, and against this pandemic.

*Belanjawan ini—bersama kita tempa  
kukuh bagai waja, besi jadi kersani.*

*Belanjawan ini—perisai pelindung KELUARGA kita,  
dari sasana bahaya ke puncak jaya,  
dari Dewan Mulia ini, berikanlah rakyat kita, khabar yang  
baik-baik belaka:*

*bahawa Bajet ini... milik mereka,  
suara kita... milik mereka,  
bahawa kemenangan itu... milik mereka!*

*Wabillahi Taufik Wal Hidayah Wassalamualaikum  
Warahmatullahi Wabarakatuh.*

260. Datuk Speaker Sir, I beg to propose.