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## **MEDIA RELEASE**

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### **CPPS's Response to Budget 2015**

The Centre for Public Policy Studies (CPPS) recognises the policy consistency of various spending programmes announced in Budget 2015 in relation to the government's overall plan to make Malaysia a knowledge-intensive and innovative nation.

CPPS Senior Director Ms Ng Yeen Seen commented that this is a fair and balanced budget which is development oriented and inclusive and focuses on infrastructure development and human capital development, which is so essential for our future national competitiveness. Many initiatives will enhance Malaysia's regional role and improve our position in the AEC like promoting the principal hub.

Promoting high quality investment will also benefit us in the long run as it will ensure we develop our technology and rely less on labour inputs.

The 2015 budget reflect the resurgence of focus in "productivist" social policy. It seems to be partly driven by the need to improve women's economic opportunities to achieve higher and a more inclusive economic growth. This seems to be the policy direction in which Malaysia leadership has expressed a strong intention to follow. As formal labour market continues to form the foundation on which social protection is provided through social-economic policies, this further implies that social-economic policies and its benefits remained privileges available to women who are pre-dominantly, employed in the formal labour market. Steps have yet to be taken to adapt to the transformation in the labour market, to bring together those who are informally employed under the coverage of social protection policy and programme.

On making Malaysia a hub for entrepreneurship, Budget 2015 has boosted earlier programmes to enhance the capacity of budding entrepreneurs and start-ups by increasing the amount and types of funding mechanisms, while also emphasising the importance of automating and other productivity-enhancing efforts of SMEs through financial assistance. Budget 2015 will also increase the marketability of graduates from vocational and technical education streams through a more structured internship programme made possible by tax incentives to the employers.

Budget 2015 has sought to reduce the potential burden of the GST by including more basic items on the GST-exempt list, as well as ending the speculation of imposing GST on retail petrol prices in order to avoid a huge chain reaction on the prices of other goods and services. However, CPPS is cautious of the sustainability and effectiveness of direct cash-handouts as a cushioning effort in the long run.

CPPS also lauds the government's efforts to improve the livelihood and economic potential of those in Sabah and Sarawak through various spending programmes - especially the construction of a pan-Borneo highway that will connect the two states and also lay a strong foundation for future growth and greater economic connectivity.

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