Alternative Budget

Malaysia 2017

Pakatan Harapan
Deciding the future

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1 Executive Summary

Malaysia weathered a tough economic storm this year inaugurated by the collapse of oil and gas prices, with the Ringgit and our foreign reserves following suit. We remain mired in the middle-income trap as if quicksand: the more the Government undertakes supposedly well-meaning initiatives, most notably GST and 1MDB, the deeper the rakyat sinks into economic difficulty as felt in higher living costs, stagnant wages if not outright retrenchment, rising public and household debt levels, and falling vehicle and property sales.

Given the absence of any substantive institutional reforms towards greater government accountability whether politically or fiscally, Pakatan Harapan is unconvinced of the Government's ability to captain our country through the tempest to fairer seas. Indeed, consumer and business confidence in the Government have been dragged through the mud. GDP growth forecasts for this year and the next have undergone downward revisions. Internationally, Malaysia has slipped down the rungs in global competitiveness and transparency indices. An inflow of mainland Chinese investments may put a finger in the dike to stem further economic decline, yet at what geopolitical cost to our independence as a historically neutral, emerging middle power in the region?

These economic circumstances are reflected in our fiscal projections. On the revenue side, we foresee lower direct tax revenue from personal, corporate, petroleum, and real property gains taxes. Export duty and royalty payments from petroleum will likewise decrease as the oil and gas sector is in recovery mode. GST remains the Government's fiscal lifeline: we project a GST collection of RM42bil to buoy Government revenue to RM223bil in 2017. Pakatan Harapan instead reverts to pre-GST numbers on consumption tax, yielding a smaller revenue of RM204bil.

On the expenditure side, we anticipate the Government's commitment to a 3.1% debt-to-GDP ratio to involve austerity cuts. However, the Government's propensity for high operating expenses is unlikely to waver considering their prodigal protocol habits and the growing civil-service headcount. Rather, we expect the Government to tighten the purse strings for development expenditure to the country's detriment.

In contrast, Pakatan Harapan will tighten operating expenses with no change to emoluments but with spending cuts to ministries, particularly the Prime Minister's Department. Following relatively cheap yet strict anti-corruption management practices, we project across-the-board savings of 20%. We will channel these savings towards national development, especially in the poorest states. By adopting prudent fiscal governance, we expect to narrow the debt-to-GDP ratio to 2.69%.

Beyond our fiscal projections, we detail 11 policy proposals that demonstrate how Pakatan Harapan intends to address key national issues upon receiving the rakyat's mandate to rule. We base our policies on universal social-justice principles, as espoused by *Maqasid-As-Syariah*, to realise just and equitable development for all. Our proposals are:

1. Employment
   1.1. An Equal Opportunity Commission to ban discrimination against any job application and employee based on race, religion, or sex; applicable to both public and private sectors.
   1.2. Minimum wage increase to RM1,500 for Malaysian workers, implemented via a co-pay system for three years, whereby government and employer split the cost equally; annual cost to government is RM2.5bil.
   1.3. Progressive reduction in Malaysia's dependence on foreign labour via 10% levy increase annually until 2020, legalisation of undocumented workers, strengthening foreign workers' rights, hiring of refugees, and incentivising capital investment and mechanisation.

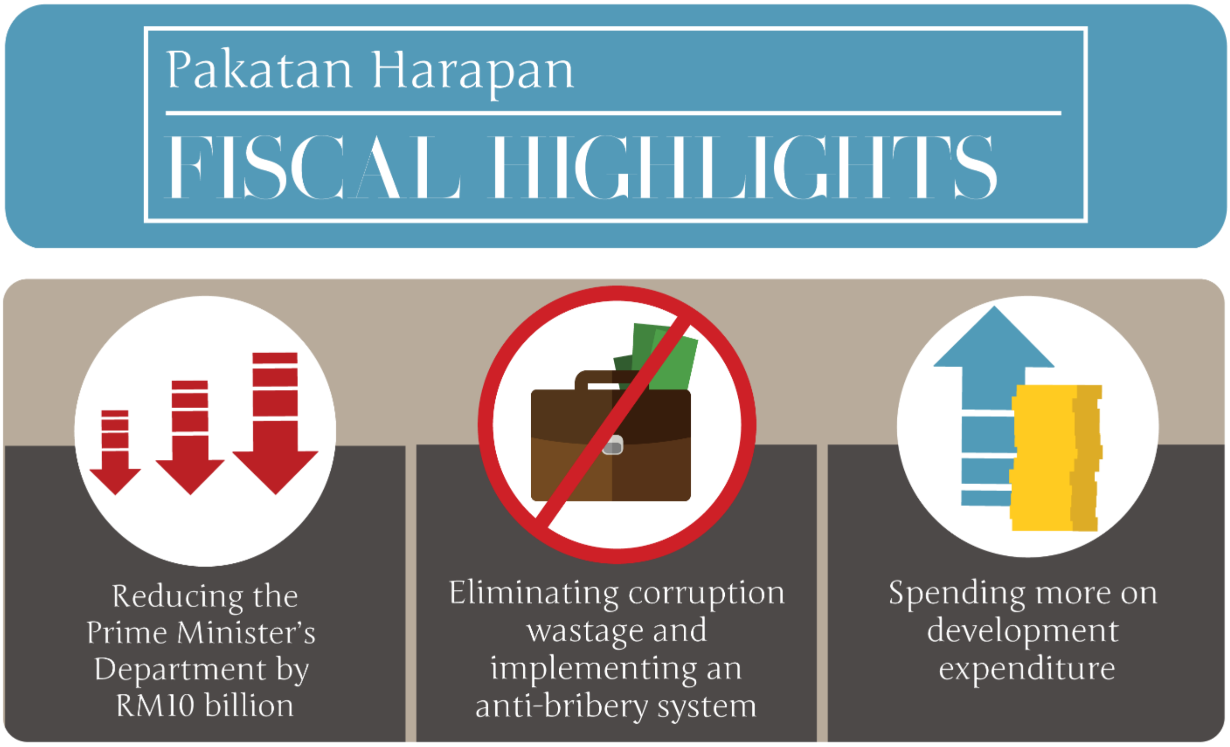
2. Governance
    2.1. Greater transparency and accountability in fiscal reporting with full disclosure of the government's non-financial assets, contingent liabilities, and plans to reduce debt levels.
    2.2. Adoption of anti-bribery management systems as per the BS 10500 and ISO 37001 standards into government decision-making including due diligence in procurement, no-gift policy, and effective whistleblowing; costing less than RM20mil to potentially save billions.

3. Sabah, Sarawak, and rural development
    3.1. Pursuing equality between East and West Malaysia: Sabah and Sarawak to receive a greater allocation at RM15bil of the federal development budget; to manage their own Public Services Commissions separate from the Peninsular; and to reform their state land laws to give natives indefeasible land rights status, with federal-government assistance as necessary.
    3.2. Cultivating the paddy and rice industry by revising BERNAS's role from importing and selling rice for commercial gain, to buying rice from domestic producers as a national stockpile; re-establishing Lembaga Padi dan Beras Negara as the national supervisory body on paddy and rice; and improving farmers' livelihoods via estatisation and the provision of service bundles.
    3.3. Better use of the Universal Service Provision fund to narrow the digital divide between urban and rural areas, such as by providing better telecommunications coverage and community Internet and learning centres.

4. Urban development
    4.1. Promoting affordable and accessible urban public transportation with integrated pricing for rail and bus services, higher wages for bus drivers, allocation of routes by local councils, boosting non-fare revenue, and separation of asset ownership and operation.
    4.2. Public housing geared towards ownership rather than rentals, full state-government control over development and subsequent sales, and social engineering for ethnic and class integration.
    4.3. Strengthening public healthcare by uprooting embedded corruption and remedying untreated infectious diseases among undocumented foreign workers; as well as by addressing the shortage in housemanship positions and keeping government influence out of the Malaysian Medical Council.

Our Alternative Budget is neither a magic ball nor a magic bullet. It is however proof that as government-in-waiting, Pakatan Harapan has the economic prudence and political will to reform the rickety institutions that fail to support all Malaysians justly. It is high time to retire the sixty-year-old regime, and set sail for a brighter future.

2 Budget Highlights



Pakatan Harapan

POLICY HIGHLIGHTS

3 Preface

This second Pakatan Harapan budget serves as an alternative fiscal and policy document to the Federal Government's budget.

We begin by reflecting upon the reminder of Allah SWT in the Surah Al-Hashr, verse 7:

كَيْ لا يَكُونَ دُولَةً بَيْنَ الأَغْنِيَاءِ مِنْكُمْ

'...*in order that wealth may not merely circulate between the rich and super-rich amongst you*.' The verse depicts the principle of "socially just and equitable development" in Islamic Syariah, which advocates equitable distribution of wealth and income and addresses its disparity.

As we now enter a period of economic gloom, the need for new leadership is more pressing than ever. The economy cannot continue in its current model of extractive institutions and poor governance. Now more than ever, we need substantive political and economic reforms. If reforms are not forthcoming because of the lack of political will by the leadership, then in order to move forward and save Malaysia, Malaysian Official 1, also known as Prime Minister Najib Razak, must resign.

How can a man who lost USD3.5bil of 1MDB's money and had USD681mil banked into his personal bank account continue to lead this nation? How can he even credibly continue as Finance Minister? His political purges relating to 1MDB represent a systemic dismantling of checks and balances in our already fragile democracy. The Prime Minister represents the single-biggest threat to our economy. Therefore, his resignation will go some way to restore confidence in the rule of law, which in turn will help return much-needed market confidence and dignity to the nation.

This Alternative Budget presents recommendations towards a more balanced budget. We are guided by moderate universal principles of all religions on social justice and fairness, as espoused in Maqasid Syariah. The fiscal numbers of our alternative budget reflect recommendations on which ministries should face austerity cuts and which ministries be given priority funding. It is undoubtedly challenging to present an alternative budget without the resources and data of a government. Nevertheless, our efforts and recommendations are based on best-available data from the media and publicly-available federal government documents.

In addition to the fiscal numbers, our budget document proposes eleven of the most pressing economic policies for social justice that must be implemented. These policies are essential political and economic reforms that will make Malaysia more inclusive.

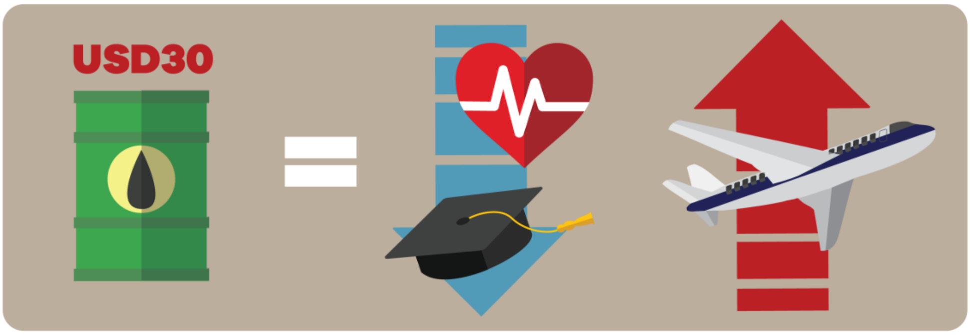
In this hour before economic darkness engulfs us, we make a call to all stakeholders, legislators, policymakers, civil servants, and civil society to look beyond political and vested interests and judge these recommendations and policies for what they are. Our hope is twofold: firstly, if fresh leadership materialises from Barisan Nasional, that the post-Najib leaders will give due consideration to our policies; and secondly, that the rakyat supports our policies to make Malaysia better for all.

Pakatan Harapan
19 October 2016

4 Macroeconomic Overview: State of the Economy

The year 2015 was a terrible year for the country's economy. External factors that hampered our economy include the end of the United States (US) quantitative easing programme, the collapse of oil prices, and a sluggish China shrinking demand for most commodities. Domestically, the Government shot itself in the foot twice: first, by implementing the Goods and Services Tax (GST) at 6% when the economy was bound for uncertain waters; and second, by its poor handling for the 1Malaysia Development Berhad (1MDB) scandal and the political purges that followed. GST implementation dragged consumer and business confidence down to levels last seen around the 2008 financial crisis, while the 1MDB scandal evaporated investors' confidence in the Government. This loss of confidence manifested itself in the pullback of foreign investors, who sold off USD5bil of our equities and nearly USD3bil of our bonds in 2015. Domestic investors also joined the capital exodus, further accelerating the Ringgit's race to the bottom. Stopgap measures to stem the tide included a directive to government-linked entities with foreign investments, such as the Employees Provident Fund (EPF) and the Retirement Fund (Incorporated) (KWAP), to look at opportunities to offload them and repatriate funds back onshore, potentially to the detriment of their members' future pension savings. This is yet another misfortune to befall households who are already squeezed by slower income growth and higher costs of living, all against the backdrop of household debt levels reaching 89.1% of GDP in 2015.[1]

The year 2016 started no better. A state of panic set in in Q1 2016 when oil prices, just as hopes were set on a stabilisation, dipped below USD30 per barrel, triggering concerns of fiscal solvency. The Government responded in late January 2016 with a budget recalibration involving austerity cuts in health and education. Yet at the political stage, there was an obvious disconnect between the rulers and the floundering economic scene. The Government continued to spend lavishly on protocol, while the Prime Minister and his wife continued their usage of private jets for overseas trips.



When oil prices dipped below USD30 per barrel, the government responded with austerity cuts but spent lavishly on protocol

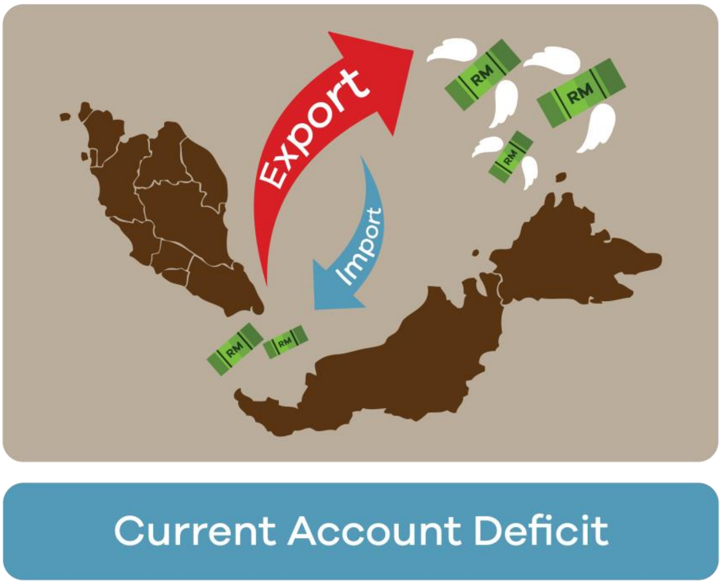
The fall in oil prices constrained the Government's fiscal policy space to inject stimulus into the economy when the rakyat needed it most. This quagmire stems from a flawed policy of overreliance on oil and gas for the past three decades. Prior to the fall in oil prices, some 40% of the Government's revenue came directly from the oil and gas sector. Despite putting on a brave face, the Government has been bracing for a RM40bil shortfall in oil and gas contributions.[2] The Government has then gone

[1] Khazanah Research Institute, *The State of Households II*, http://www.krinstitute.org/assets/upload/KRI_State_of_Households_II_090916.pdf, 2016, p. 78.
[2] New Straits Times Online, *'RM40b in oil revenue loss in 2016'*, http://www.nst.com.my/news/2016/02/127490/rm40b-oil-revenue-loss-2016, 2016.

on record to hail the GST as a saviour to partially counterbalance the oil and gas shortfall. However, despite some analysts expecting the GST to smash an all-time record of RM42bil in tax collection for 2017, it is in fact a poison pill to consumers and businesses. The GST is not a win-win proposition. It will further dampen consumer and business sentiments. Structurally, the GST, being a regressive tax, will continue to widen income and wealth inequalities between the rich and the poor.

We expect the Government to run another year of deficit in 2017, as it has continuously done so for the past 18 years. With foreigners wary of the Malaysian Government's solvency, as reflected in rising Malaysian government bond yields, and with government-linked entities, from EPF to Khazanah Nasional Berhad, being pressured to do even more national service, we expect the Government to borrow slightly less out of force rather than out of better budget management. However, the critical question is: can the Government be disciplined and settle at an acceptable deficit of below 3% of GDP? We can only hope. Yet, based on the 1MDB scandal, we do not believe the Government under Prime Minister Najib Razak has an ounce of political will to cut out corruption nor wastage.

Low oil prices have not only put the Government in a bind, but have also weakened the Ringgit, and a weak Ringgit has put pressure on the rakyat's cost of living. The Ringgit's purchasing power has declined, while prices of the goods and services we export have fallen in tandem with the drop in commodity prices. In other words, the value of our exports have decreased, while the value of our imports have increased, leading to fears of what is termed a "current account deficit," whereby we pay more for our imports than what we earn from our exports. Thankfully, Malaysia has not yet reached such a stage, but our current account surplus remains remarkably close to the edge at 3% of GDP in 2015, a far cry from the double-digit surpluses last seen in 2011 (11% of GDP).[3] If the current account does slide into deficit, and combined with a fiscal deficit, we will enter a "twin deficits" phase, where not only is the Government is spending beyond its means, but the country as a whole importing more than it is exporting. By then, the country would see an even more intense whirlwind of investor panic, not unlike that faced by Indonesia in 2014.



Our foreign reserves have tumbled below the USD100bil mark since 2015, paralysing our monetary policy options. The possibility of twin deficits further pressures our reserves. China's payment for the 1MDB assets amounting to RM17.6bil in Q1 2016 probably had a greater impact than any monetary policy in stopping the Ringgit's slide. Currently, the Ringgit seems to have settled to a new normal of

[3] The World Bank, *Current account balance (% of GDP)*, http://data.worldbank.org/indicator/BN.CAB.XOKA.GD.ZS?locations=MY, 2016.

RM4.10 to USD1. This is a far cry from the previous norm of RM3.30 to USD1 recorded a mere two years ago. Going forward, we expect China to play an even bigger role in the Malaysian economy. Their intended investments in Malaysia infrastructure could very well supplant our fiscal and monetary policies. These investments, in particular the High Speed Rail and East Cost Rail Line with their combined sum of RM120bil, can potentially pump prime the economy, but will raise deep geopolitical concerns for all.

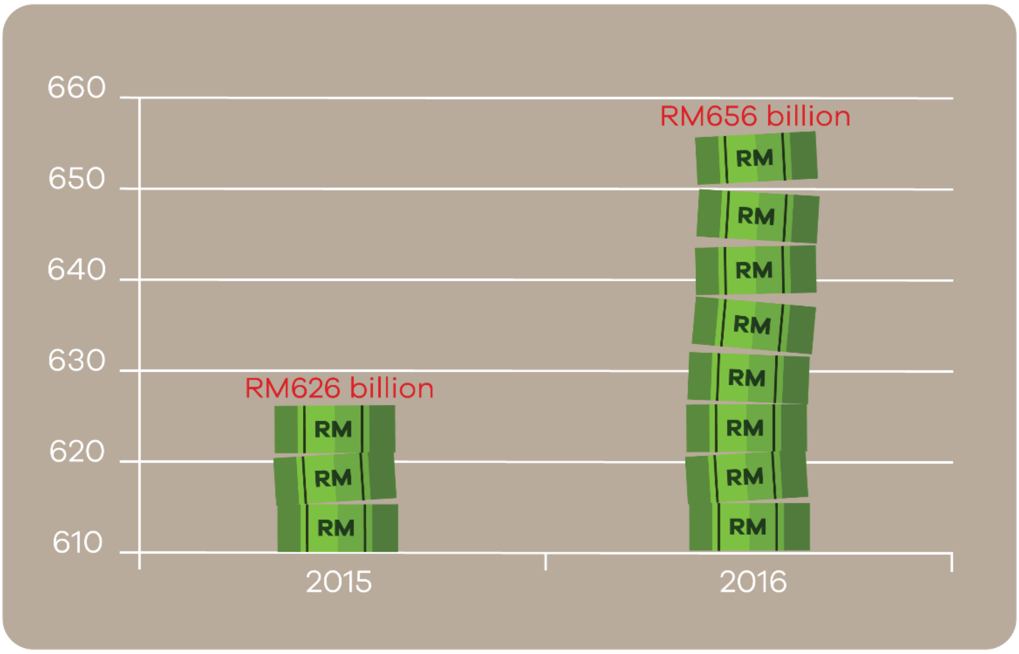
As we enter into Q4 2016, it is increasingly clear that this is not a recovery year, nor is it even a consolidation year. There is a dire feeling that the worst is around the corner. Small businesses complain of 20% to 30% year-on-year (YOY) drops in sales and services. The Malaysian Automotive Association recently reported that new vehicles sales in the first half of 2016 have contracted by 14.5% YOY compared to 2015.[4] If car sales are bad, property sales are in the same boat. The volume of property transactions dropped by an average of 20% YOY in Q1 2016. Experts are projecting an uncertain property market for 2017. If the property market continues to slow, the construction sector will face a tough 2017 when current housing projects are completed. All these have increased uncertainty over the outlook for businesses in 2017, as displayed in business loans growth recording a low of 1.9% YOY in August 2016, far below the 8.0% growth in December 2015, and 8.8% in December 2014.

Banks have been instructed to tighten lending standards to ensure that loans are only given to those who can afford it. Although this policy has helped curb rising household debt, it does not address the root cause of households having to resort to debt: their incomes have not kept up with the soaring cost of living. With job cuts in the oil and gas, banking, and aviation sectors, the income shortfall of those made redundant will be exacerbated as they struggle to service their loans. By mid-2017, we could see a sizeable increase in non-performing loans. The question on everyone's mind is: how serious and how widespread will these defaults be?

Unfortunately, indications point to a difficult 2017. Most of our economic sectors are anxious and cautious. Exporters such as glove makers who are enjoying robust profit from currency gain are few and far between. Megaprojects undertaken by local contractors have or will soon come to an end. We hear of complaints that the Government is struggling even to pay on time for work already finished. Thus we believe that the Government's ability to fund or guarantee new megaprojects is diminishing, as national debt continues to climb. As of Q2 2016, the national debt level stands at RM656bil, an

[4] Malaysian Automotive Association, *Market Review for 1st Half 2016 Compared to 1st Half 2015*, http://www.maa.org.my/pdf/Market_Review_1st_half2016.pdf, 2016, p. 4.

increase of almost RM30bil from the same period last year.[5] We also believe that the Government will continue to face higher interest rates if it relies on selling Malaysian government debt to foreign investors, which is why we expect that EPF and KWAP will be forced to fund the coming deficit instead. In short, we can rule out government pump-priming activities in 2017.



National Debt Level

Save for the megaprojects slated to be funded and constructed by China, there is little upside news. However, even if China decides to pump billions of investments into Malaysia next year, the talk within business circles is that the China state-owned firms will mostly import its own goods and expertise. China's chequebook diplomacy is not a handout, but is designed ultimately to profit China. This implies only a limited upside to the Malaysian economy. Gross domestic product (GDP) forecasts by various global institutions seem to demonstrate the same reality. The International Monetary Fund (IMF) and the World Bank forecast Malaysian GDP growth to come in at 4.3% and 4.2% respectively in 2016, while the Asian Development Bank (ADB) is more sceptical at 4.1%. This will set a new post-crisis low, a record previously held by 2013 at 4.7%. GDP growth in 2017 is not expected to fare much better, with forecasts of 4.6% by IMF, 4.3% by the World Bank, and 4.4% by ADB.

What we now bear witness to are symptoms of an economic system that has reached its limit. Try as we might, we cannot seem to free ourselves from the middle-income trap. Infrastructure-led development can only go so far if the corrupt and extractive nature of our system is causing a massive brain drain and capital outflow.

This corruption is made possible only by a government unwilling to enact political reforms that would institutionalise greater transparency and accountability. Cases of corruption are on such a grand scale that they have garnered unwanted worldwide attention. 1MDB alone has involved authorities in the

[5] Bank Negara Malaysia, *Economic and Financial Data for Malaysia*, http://www.bnm.gov.my/index.php?ch=statistic_nsdp, 2016.

US, the United Kingdom (UK), Switzerland, Luxembourg, Australia, Hong Kong, Singapore, Thailand, and the United Arab Emirates (UAE).[6] More generally, Malaysia's global rankings have dropped. In the World Economic Forum's Global Competitiveness Report, Malaysia's ranking fell to 25th from 18th among all countries surveyed.[7] This puts Malaysia in the small company of Southeast Asian countries that saw their scores decline, the others being the Philippines and the Lao People's Democratic Republic. Corruption, inefficient government bureaucracy, and government instability were named as the second- to fourth-most problematic factors for doing business in Malaysia, after access to financing. Meanwhile, countries such as Indonesia and Vietnam are fast becoming investor favourites with their continued structural and political reforms that foster economic dynamism and diversity.

Brain drain will continue unabated as long as great Malaysian talents are restrained, restricted, or flat-out rejected from the opportunities available in this great country. There needs to be a reform of welfare policy whereby the neediest are given the most effective assistance they need to excel. Coupled with an increasingly authoritarian political scene, the economic system has started to turn on its people. For too long, we have relied on oil and gas money to veneer over our fundamental systemic rot. This is the same rot that allows Malaysian Official 1 to rule with impunity. The year 2017 is likely to be an election year. It remains to be seen if the rakyat, in the backdrop of great economic uncertainty, will finally rise up for the sake of their children's economic future.

[6] Bloomberg, *How Malaysia's 1MDB Fund Scandal Reaches Around the World*, http://www.bloomberg.com/graphics/2016-malaysia-1mdb/, 2016.
[7] World Economic Forum, *Malaysia Global Competitiveness Index: 2016-2017 edition*, http://reports.weforum.org/global-competitiveness-index/country-profiles/#economy=MYS, 2016.

5 Fiscal Projections

5.1 Overview

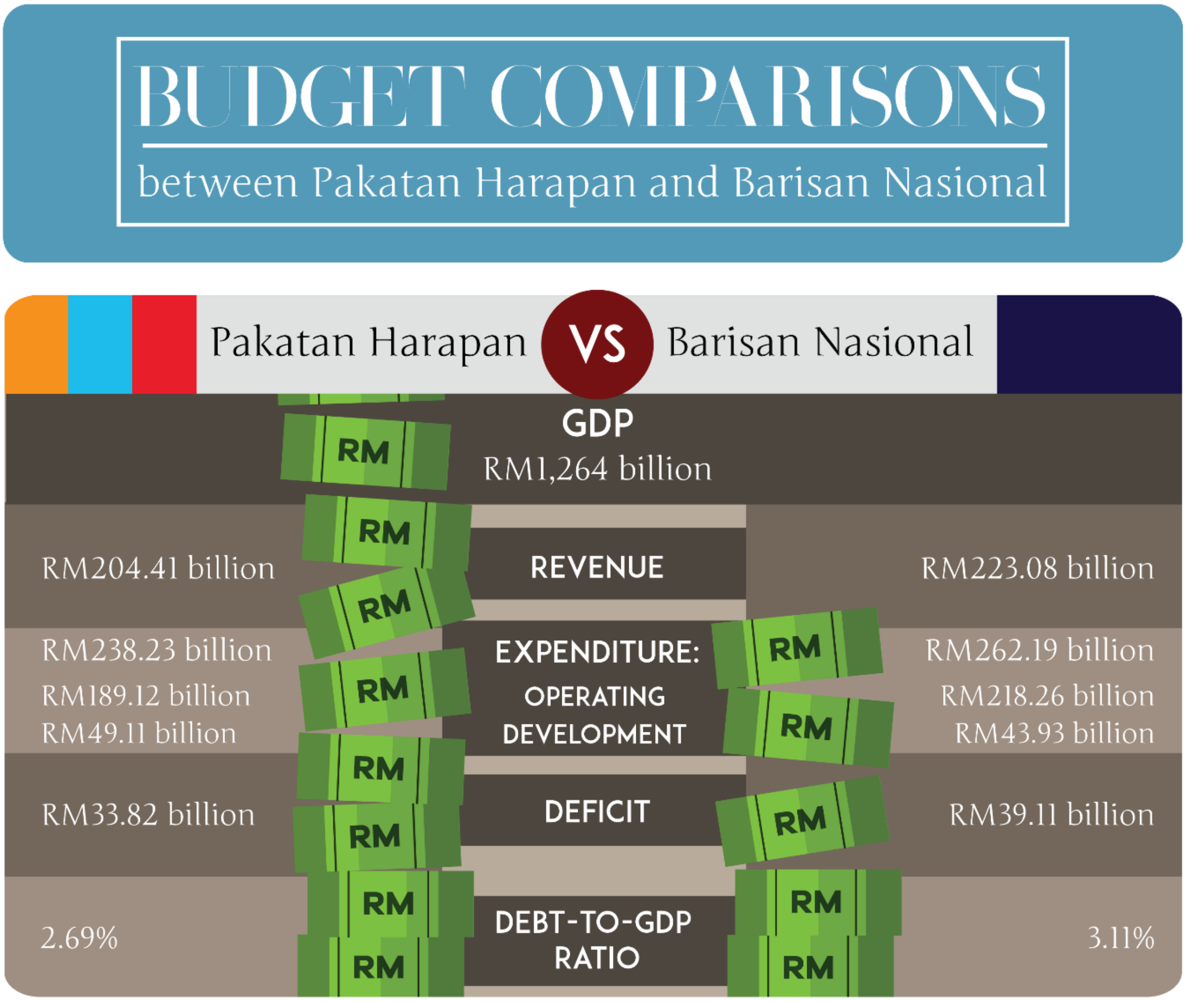


Figure 5-1: Comparing the budgets of Barisan Nasional and Pakatan Harapan.

Fiscal projection highlights:

i. Pakatan Harapan will reduce the Prime Minister's Department budget by RM10bil, that is, from RM20.31bil in 2016 to RM10.31bil.

We note with concern the upward spiralling of the PM's Department budget as it has doubled every decade from RM1.15bil in 1986 and RM2.39bil in 1996 to RM5.839bil in 2006.[8] We need a gradual reduction of the PM's Department budget to avoid too massive of a shock, so for 2017 we recommend shaving off between RM10bil and RM12bil. Going forward for the next few years, we will continue paring down the Department's budget to an optimal RM5bil per year.

ii. Overall savings from corruption and wastage is estimated at 20% of all operating expenditure items, save for emoluments.

Based on our empirical studies of the Auditor-General's report, we are confident that the wastage and corruption factor is at 20% to 25%. A concerted fight against corruption wastage coupled with the full

[8] Sue-Ann Chua, *Bigger budgets for Prime Minister's Department*, in The Edge Malaysia, edited, 3 October 2016 edn, Selangor, The Edge Media Group, 2016.

implementation of an anti-bribery system will immediately yield the 20% savings in one fiscal year. We should be able to eliminate the remaining 5% the following year.

iii. Since 2017 will be a challenging year, we need to spend more on development expenditure.
As such, our development expenditure is projected to be at RM49.11bil, that is, RM5.18bil or 11.8% more than Barisan Nasional's. As detailed in our policy section, we directly channel 60% of our development expenditure to the poorest states, namely Sabah, Kelantan, Sarawak, Kedah, and Terengganu. For Sabah & Sarawak, we project RM15bil worth of development projects under our budget proposal.

5.2 Revenue

5.2.1 Projected Revenue: Barisan Nasional Government

Barisan Nasional Projected Revenue 2017: RM223.079bil

Revenue sources	Estimated change *(2016 → 2017)*	Remarks
Tax revenue	- 1.68% *(RM183.55bil → RM180.47bil)*	**Direct taxes: - 5.09%** *(RM125.57bil → RM119.17bil)* ▪ Decreased income tax revenue caused by drops in individual income tax due to retrenchment, in corporate income tax owing to a sluggish business environment, and in petroleum income tax from stunted low oil prices. ▪ 10% decrease in real property gains tax based on lower property sales. **Indirect taxes: + 5.71%** *(RM57.98bil → RM61.30bil)* ▪ Primarily fuelled by increase in GST revenue from RM39bil (2016) to RM42bil (2017).
Non-tax revenue	+ 0.02% *(RM39.65bil → RM39.66bil)*	Revenue from licenses and permits, service fees, and rentals are expected to maintain their upward momentum from the past 5 years. However, petroleum royalties will decrease by 35%.
Non-revenue receipts	+ 30.00% *(RM1.50bil → RM1.96bil)*	Based on average historical growth over the past 5 years.
Revenue from Federal Territories	+ 5.00% *(RM951mil → RM999 mil)*	Parking rates up; though some commuters opted for public transport instead.
TOTAL REVENUE	- 1.16% *(RM225.65bil → RM223.08bil)*	GST will continue to be the main driver of total revenue. However, this will be offset by oil and gas sector-related losses (petroleum income tax, export duty, and petroleum royalty), as well as decreases in income, corporate, and real property gains taxes linked to dire economic circumstances.

Table 5-1: A summary of Barisan Nasional's projected revenue changes from 2016 to 2017. Refer to the Appendix for full breakdown of estimates.

To project the Federal Government's revenue for Budget 2017, we use publicly available data from the Ministry of Finance, in particular, the Estimates of Federal Revenue.[9] We then make several key projections onto the Government's estimated revenue in 2016 to forecast revenue in 2017:

i. A 3.3% drop in individual income tax collection following an estimated 60,000 job losses out of a total of 1.8 million tax payers.
ii. Company income tax to decrease by a conservative 2% as a slowing business environment crimps profitability.
iii. GST to rake in RM42bil worth of collections by the Royal Malaysian Customs.

[9] Ministry of Finance Malaysia, *Estimates of Federal Government Revenue 2016*, http://www.treasury.gov.my/pdf/percukaian/penerbitan/buku_anggaran_hasil_kerajaan_persekutuan_2016.pdf, 2016.

iv. Projected low oil prices throughout 2017 to cause 45% drops in both Petroleum Income Tax and Crude Oil Export Duty, a 35% drop in Petroleum Royalties.
v. PETRONAS Dividend to remain at RM16bil, the same amount paid to the Federal Government in 2016.
vi. All other income types expected to grow as per median historical trends.

The result is a marginal decrease of RM2.573bil (-1.16%) in Federal Government revenue for 2017 as compared to 2016.

5.2.2 Projected Revenue: Pakatan Harapan

Pakatan Harapan Projected Revenue 2017: RM204.410bil

Revenue sources	Estimated change *(2016 → 2017)*	Remarks
Tax revenue	- 11.85% *(RM183.55bil → RM161.80bil)*	**Direct taxes: - 5.09%** *(RM125.57bil → RM119.17bil)* ▪ As per revenue projections for Barisan Nasional. **Indirect taxes: - 26.49%** *(RM57.98bil → RM42.63bil)* ▪ GST will be zero-rated, with the view of returning to pre-GST numbers on consumption tax.
Non-tax revenue	+ 0.02% *(RM39.65bil → RM39.66bil)*	As per revenue projections for Barisan Nasional. We cap the PETRONAS dividend at RM16bil, of which RM6bil goes to a special heritage fund.
Non-revenue receipts	+ 30.00% *(RM1.50bil → RM1.96bil)*	As per revenue projections for Barisan Nasional.
Revenue from Federal Territories	+ 5.00% *(RM951mil → RM999 mil)*	
TOTAL REVENUE	- 9.41% *(RM225.65bil → RM204.41bil)*	Our proposed total revenue is around RM19.62bil or 8.76% lower than that projected for Barisan Nasional.

Table 5-2: A summary of Pakatan Harapan's projected revenue changes from 2016 to 2017. Refer to the Appendix for full breakdown of estimates.

To project the Pakatan Harapan revenue for Budget 2017, we maintain in large part the earlier analysis of the Barisan Nasional Federal Government revenue. We then plug in a few major revenue policy revisions and adjust the projected numbers accordingly. These policy differentiations are:

i. Previous tax policies to be maintained as per our 2016 Alternative Budget. For consumption tax, we use pre-GST numbers as our estimate.
ii. Knowing that PETRONAS is weathering a very tough year, we will adopt the RM16bil dividend limit, but with RM6bil transferred to a special heritage fund. As such, we will push for dividend to be capped at RM16bil, thus enabling the Group to reinvest its profits.

5.3 Expenditure

Year	Est. Expenditure (RM mil)	Change (RM mil)	Change (%)
2010	191,499		
2011	213,987	22,488	11.74%
2012	232,833	18,846	8.81%
2013	251,667	18,834	8.09%
2014	264,151	12,484	4.96%
2015	273,940	9,789	3.71%
2016	267,224	-6,716	-2.45%
BN 2017*	**262,187**	**-5,037**	**-1.88%**
PH 2017*	**238,227**	**-28,997**	**-10.85%**

Table 5-3: Estimated expenditures for Barisan Nasional and Pakatan Harapan for Budget 2017.

For the Barisan Nasional Government's Budget 2017, we project expenditure as follows:

i. We start with the projected Federal Government revenue obtained previously in Section 5.2.1.
ii. As the Federal Government is committed to maintaining the debt-to-GDP ratio at 3.1%, we keep this as a constraint to our calculations. Malaysian GDP was RM1.175tril in 2015, and is expected to grow by 4.2% and 4.3% annually in 2016 and 2017 respectively, based on World Bank forecasts.
iii. Increasing headcount in the civil service to cause emoluments to climb 3% to RM72.58bil.
iv. Supplies and Services, Assets, Fixed Charges and Grants, and Other Expenditures to marginally increase following historical trends.

With rising operating expenditures, the Federal Government has little room to manoeuvre in terms of development expenditure. Given their commitment to maintain a 3.1% debt-to-GDP ratio, development expenditure (i.e. Direct Grants and Loans) is expected to fall.
All in all, this results in a budget deficit of RM39.11bil, or 3.11% of GDP.

We compute expenditure projections in Pakatan Harapan's Budget 2017 as follows:

i. Spending cuts to ministries generally, and the Prime Minister's Department by RM10bil particularly, will reduce Supplies and Services, Assets, and Fixed Charges and Grants expenditures. Our drastic clampdown on wastages and leakages within the civil service will lessen expenditures by 20% throughout the federal government.
ii. To step up national development, we will increase allocations for Direct Grants, while reducing that for Loans.
iii. Contingencies Reserves to stay the same.

By adopting the simple concept of prudent spending, we enable a higher proportion of the federal budget to be dedicated to development, as should be the case for a developing country.
Based on our projections, Pakatan Harapan's Budget 2017 has a smaller budget deficit of RM33.82 compared to Barisan Nasional's deficit of RM39.11bil. We thus record a lower debt-to-GDP ratio of 2.69% compared to the Barisan Nasional Government's target of 3.1%.

Year Estimates by Object	2014 RM mil	 %	2015 RM mil	 %	2016 RM mil	 %	BN 2017* RM mil	 %	PH 2017* RM mil	 %
Estimates of Operating Expenditure										
Emoluments	63,614	24.08	65,652	23.97	70,466	26.37	72,580	27.68	72,580	30.47
Supplies and Services	36,621	13.86	38,099	13.91	36,315	13.59	36,678	13.99	29,343	12.32
Assets	1,407	0.53	1,457	0.53	761	0.28	780	0.30	624	0.26
Fixed Charges and Grants	114,505	43.35	116,417	42.50	106,648	39.91	107,181	40.88	85,745	35.99
Other Expenditures	1,504	0.57	1,815	0.66	1,034	0.39	1,037	0.40	830	0.35
Total Operating Expenditure	**217,651**	**82.40**	**223,440**	**81.57**	**215,224**	**80.54**	**218,256**	**83.24**	**189,121**	**79.39**
Estimates of Development Expenditure										
Direct Grant	41,513	15.72	45,614	16.65	47,178	17.65	39,701	15.14	45,656	19.17
Loans	2,987	1.13	2,886	1.05	2,822	1.06	2,229	0.85	1,449	0.61
Contingencies Reserve	2,000	0.76	2,000	0.73	2,000	0.75	2,000	0.76	2,000	0.84
Total Development Expenditure	**46,500**	**17.60**	**50,500**	**18.43**	**52,000**	**19.46**	**43,931**	**16.76**	**49,106**	**20.61**
Total Estimated Expenditure	**264,151**	**100.00**	**273,940**	**100.00**	**267,224**	**100.00**	**262,187**	**100.00**	**238,227**	**100.00**
Estimates of Revenue	225,844		222,455		225,652		223,079		204,410	
Budget Deficit (RM mil, % of GDP)	(38,307)	-3.55	(37,241)	-3.17	(41,572)	-3.45	**(39,108)**	**-3.11**	**(33,817)**	**-2.69**
GDP (Current Prices)	1,078,176		1,175,703		1,205,698		1,257,543		1,257,543	

Table 5-4: Projected Barisan Nasional and Pakatan Harapan expenditure breakdowns by objects, with estimates of federal revenue, budget deficits, and forecasted GDP.

6 Eleven Policy Proposals – Inspired by *Maqasid-As-Syariah*

Here we present eleven policies that go beyond the fiscal numbers to detail how Pakatan Harapan intends to address core national issues when we receive the rakyat's mandate to rule.

Our policies are based on universal principles of social justice adopted by all religions. In drafting these policies, we are particularly inspired by the moderation (*Wasatiyyah*) espoused in Objective-based Syariah (*Maqasid-As-Syariah*).

The overarching aim of *Syariah* is to attain justice and the holistic wellbeing of humanity, which lies in safeguarding the faith, self, intellect, posterity, wealth, honour, freedom, and justice of all. Indeed, this is the goal of all religions including Islam.

Pakatan Harapan advocates socioeconomic development based on the numerous *maqasid* and universal principles of justice, self-respect, dignity, human brotherhood, and social equity. In short, our policies below aim to create just and equitable development for all.

6.1 For Our Workers

6.1.1 Equal Opportunity in Employment and Entrepreneurship

Pakatan Harapan aims to ensure that all races can together work and thrive in a diverse and cohesive environment. The current situation in which races are divided in the workplace and marketplace will only frustrate our efforts in building a harmonious, united, and strong Malaysia.

We acknowledge that affirmative action policies can work if properly implemented. We propose three such policies: (a) an Equal Employment Opportunity Act; (b) incentivising workplace diversity; and (c) equal opportunity in entrepreneurship.

Our Equal Employment Opportunity Act will empower individuals to pursue and obtain justice should they suffer discrimination in the workplace. From seeking employment to landing promotions, any discrimination on the basis of race, religion, or sex will incur punishment as determined by an independent Equal Opportunity Commission. The new Act will apply to all employments in both public and private sectors.

In addition to this, we will incentivise all corporations to adopt diversity policies in hiring and employment. Incentives can come in the form of public recognition and awards, together with tax credits. While we intend to encourage its adoption, we will require each government entity including government-linked companies (GLCs) and government-linked investment companies (GLICs), together with every main board company in Bursa Malaysia, to set up a diversity division and present diversity efforts in their annual reports.

We recognise that an entrepreneurial gap exists due to a lack to opportunity, not a lack of skills. Existing entrepreneurs holding the dominant position must be regulated so that antitrust, monopolistic cartels are not formed. As encouraging more entrepreneurs will yield additional tax revenue, it is in the government's interest to pursue equal-opportunity entrepreneurship.

Bumiputera entrepreneurship programmes under the New Economic Policy have had mixed results. From our interactions with the business community, most support these policies, but are also aware that abuses have produced rent-seekers at the expense of real entrepreneurs. Consequently, these rent-seekers are crowding out entrepreneurs and overinflating the cost of doing business.

Tightening and improving entrepreneurship programmes and making it available to all, will necessitate good governance, a graduation process, and blacklisting of rent-seekers. Those who qualify must observe full transparency because they receive special assistance from the government. Beyond setting reasonable conditions to give entrepreneurs a head start, we must not mollycoddle them so much as to diminish the need for hard work, financial prudence, and resilience.

While Malaysia has a long way to go in realising a level playing field for all her citizens regardless of race, religion, and sex, pursuing equal-opportunity employment and entrepreneurship are two solid steps in the right direction.

6.1.2 How to Increase Wages

The Malaysian wage share of GDP (2015: 34.8%) is much lower than in more developed countries such as Singapore (43.3%), the United Kingdom (49.4%), and the United States (53.4%).[10] Although heads of households derive most of their income from wages and salaries (2014: 65%), these only rose by 1.0% in real terms between 2012 and 2014.[11]

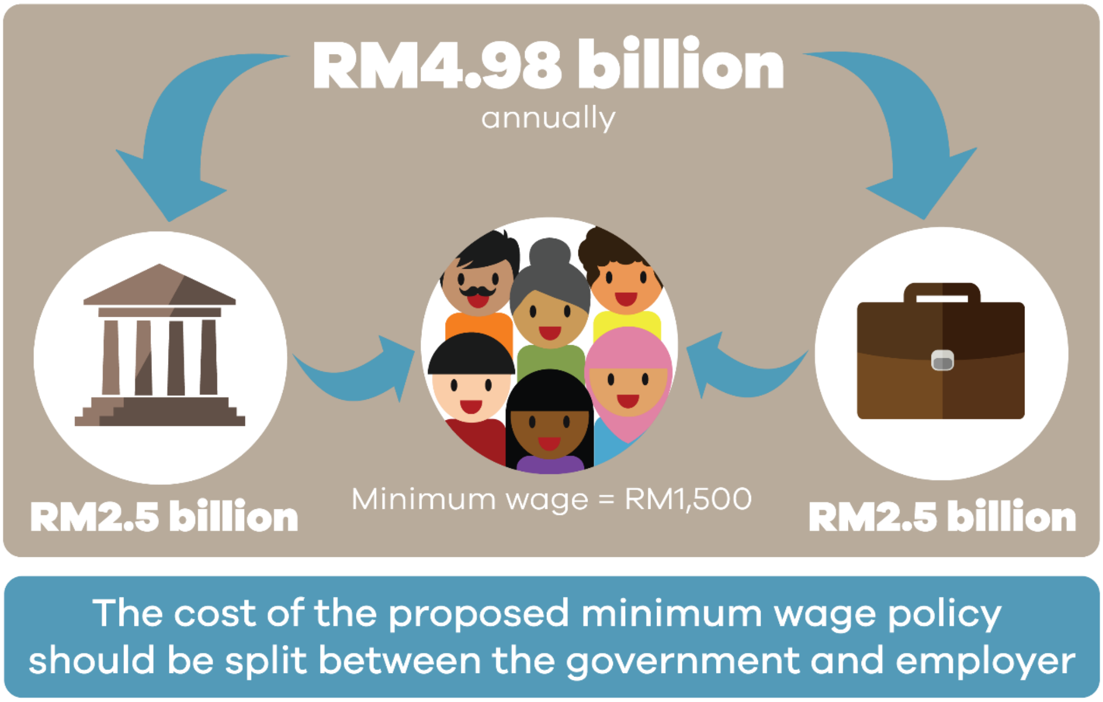
Simply put, Malaysian workers are underpaid, and to make matters worse, their wages are not growing fast enough compared to inflation. In the case of the poorest workers, the situation is one of desperation. If we fail to quickly alleviate their predicament, we will be entrenching poverty among their children too. In economic terms, if we don't pay our poorest fairly, we will be creating another generation of poorly educated, low-productivity citizens which will carry greater economic costs in the near future.

Therefore, we propose a targeted solution to raise the minimum monthly wage to RM1,500 nationwide. (The current Minimum Wages Order 2016 stipulates RM1,000 per month for Peninsular Malaysia and RM920 for Sabah, Sarawak, and Labuan.)

Based on data from the Department of Statistics on wages and salaries in Malaysia in 2015,[12] we used normal distribution theory to compute that there are 361,878 workers earning the minimum RM1,000. We further calculated that our proposed minimum wage policy will cost an estimated RM4.98bil

[10] Khazanah Research Institute, p. 85.
[11] Ibid., p. 17.
[12] Department of Statistics Malaysia, *Laporan Penyiasatan Gaji & Upah Malaysia 2015*, 2016.

annually. We will split this cost equally between government and employer, thus taking RM2.5bil from the federal budget. For example, a worker currently earning RM1,000 per month will have her salary increased to RM500, with the government subsidising RM250.



Since higher wages induce greater consumption, we expect the private sector to recover the initial cost after six months. In fact, we are confident that activating greater consumption by the poorest will have an immediate multiplier effect for all businesses. We propose that government co-pay support be provided for a period of three years, thereafter the minimum wage level should normalise.

Low wages at best enrich the already rich, and at worst engender social ills of poverty, poor health, crime, and corruption. If we do not nip these in the bud by paying our poorest a fair minimum wage now, we will incur greater economic costs later in healthcare provision and crime fighting. By recovering lost funds from wastages and corruption, we can concurrently provide reasonable compensations for our poorest Malaysian workers.

6.1.3 Less Foreign Labour, More Malaysian Earnings

Pakatan Harapan seeks to progressively reduce the number of legal and illegal foreign workers in Malaysia to raise employment and wages for Malaysians.

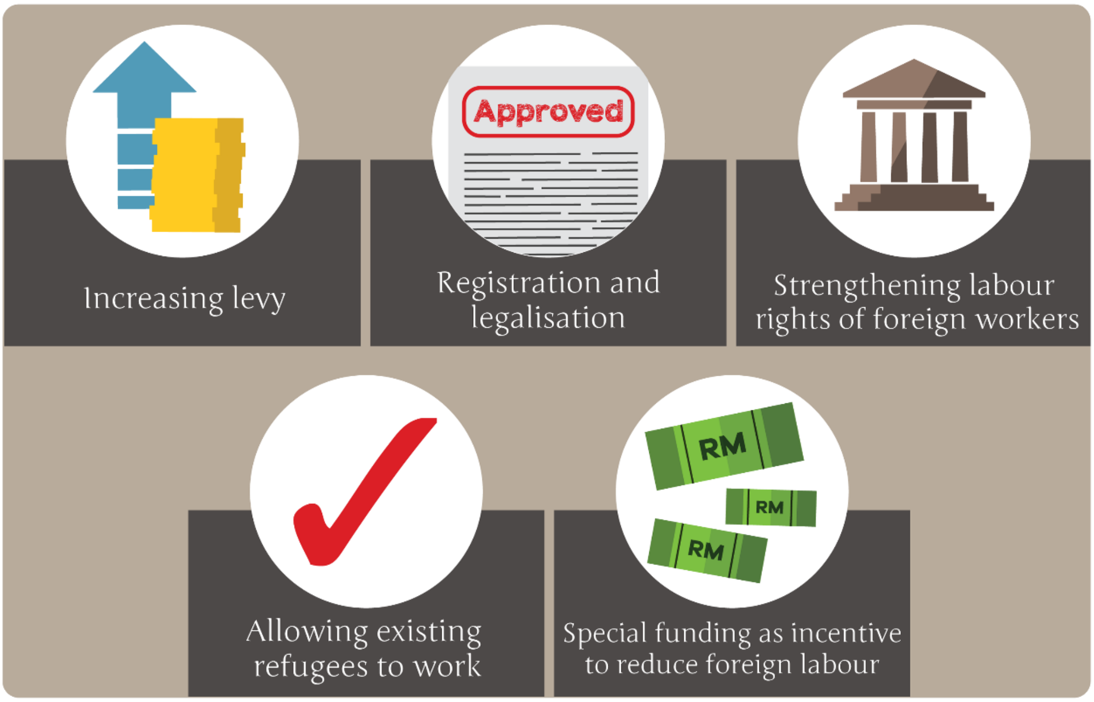
Malaysia's overdependence on foreign labour has reached critical levels. Officially, the number of legal foreign workers stands at 2.1 million. The estimated number of illegal foreign workers ranges from two million to four million;[13] nobody really knows, despite the expensive 6P programme undertaken by the Ministry of Home Affairs between 2011 and 2014.[14] With Malaysia's labour force numbering

[13] Ah Lek Pook, *The dilemma of having foreign workers in Malaysia*, http://www.straitstimes.com/opinion/the-dilemma-of-having-foreign-workers-in-malaysia, *The Straits* Times, 2016.
[14] Farik Zolkepli, *No more 6P amnesty programme for foreign workers*, http://www.thestar.com.my/news/nation/2015/06/15/fake-6p-programme/, *The Star Online*, 2015.

14.73mil as of July 2016,[15] legal foreign workers represent 14% of the total workforce, whereas accounting for illegal foreign workers brings up the proportion of foreign workers to at least 30% of our labour force.

This steep increase in foreign labour has exerted downward pressure on wages, especially for low-skilled jobs, and have robbed Malaysians of employment opportunities. In addition, the continued dependence on foreign workers is a disincentive for industry to increase its productivity via methods such as greater capital investment and mechanisation. Rather than reducing our country's reliance on foreign labour and addressing the growing problem of illegal foreign workers, the Government has further exacerbated the problem by doing government-to-government deals with Bangladesh to import as many as 1.5 million workers from that country.

We acknowledge that it would be impossible and even unwise to get rid of all low-skilled foreign labour currently in the country. A wiser strategy would be to progressively reduce the number of foreign workers through five steps:



Five steps to reduce the number of foreign workers

i. Increase the levy on foreign workers by an average of 10% every year until 2020 for the Category 1 workers (Manufacturing, Services and Construction) as a means to increase the cost of importing new foreign workers.

ii. Allow existing illegal workers to register and legalise themselves at a reasonable cost, and allow them to work for different employers but with fixed contracts. Legal workers tend to become illegal workers because they face significant difficulties in legally switching employers. A fairer and transparent human resource policy would rectify this.

[15] Department of Statistics Malaysia, *Key Statistics of Labour Force in Malaysia, July 2016*, 2016.

iii. Strengthen the labour rights of foreign workers, including giving them the right to join existing unions. This would put upward pressure on foreign-worker wages, and reduce employer demand for these workers. Malaysian workers would benefit as well.

iv. Allow the existing 150,000 or so refugees in Malaysia to work as a means of reducing demand for new foreign workers. Refugee numbers are relatively small compared to the total number of illegal workers. Over time, with a more progressive refugee policy, many of these refugees can relocate to other countries that are willing to accept them and that they want to go to over and above Malaysia.[16]

v. Establish a special fund with an initial allocation of RM500mil to incentivise local companies to reduce their foreign labour employment via initiatives such as technological upgrades, capital investment, and mechanisation.

[16] A good example is the relocation of the Vietnamese boat people in the 1980s and 1990s from Malaysia to other destinations in developed countries.

6.2 It's About Time for Good Governance

6.2.1 Government Procedures for Fiscal Reporting

Freedom of information, better reporting, and providing debt repayment plans are necessary to make the government more accountable and responsible. These reforms have become more urgent lately, when the recent drop in oil prices demonstrated our overreliance on oil money. This overreliance on the oil and gas sector is unhealthy. We must recognise that oil and gas are finite resources, thus we will need to dramatically overhaul our revenue base when the oil runs out. That overhaul can only start with reforms for greater fiscal transparency and accountability.

Our revenue base must be overhauled when the oil runs out

The International Budget Partnership (IBP) lists eight key components of a transparent budget, namely: Pre-Budget Statement, Executive's Budget Proposal, Enacted Budget, Citizens Budget, In-Year Reports, Mid-Year Review, Year-End Report, and Audit Report. Of these eight, Malaysia still lacks a Pre-Budget Statement and a Mid-Year Review.[17] The former sets out the government's budget strategies for subsequent budget years, thus enabling input from and calibrating expectations of legislators and the public.[18] The latter assesses the government's fiscal performance against its budget strategy midway through the budget year.[19]

[17] International Budget Partnership, *Malaysia Open Budget Survey*, http://www.internationalbudget.org/budget-work-by-country/findgroup/group-data/?country=my, 2016.

[18] International Budget Partnership, *Guide to Transparency in Government Budget Reports: Why are Budget Reports Important, and What Should They Include?*, http://www.internationalbudget.org/wp-content/uploads/Guide-to-Transparency-in-Government-Budget-Reports-Why-are-Budget-Reports-Important-and-What-Should-They-Include-English.pdf, pp. 6, 44.

[19] Ibid., p. 31.

Besides providing the two missing documents, existing fiscal reports require greater comprehensiveness in line with the Organisation for Economic Co-operation and Development (OECD) Best Practices for Budget Transparency.[20]

The Malaysian Government must properly account for contingent liabilities in order to manage current and future government expenditure. The total contingent liabilities or government loan guarantees sum up to more than RM178.1bil as of Q1 2016.[21] Adding this to the RM656bil in current liabilities or government debt, Malaysia's debt-to-GDP ratio would be closer to 70%, rather than the present figure of 54%.

We need much more detailed disclosure on contingent liabilities, such as the quantum and maturity dates of each bond. More importantly, the Government must outline and explain its short- to long-term strategic plans to reduce these debts as percentage of GDP. The Government must provide a plan on how they intend to pare down and pay off these mounting debts.

Contingent liabilities are expected to increase significantly with the issuance of bonds by government statutory bodies such as PTPTN as well as by private companies wholly-owned by the Ministry of Finance, such as DanaInfra Nasional Berhad, the main financier of the Mass Rapid Transit (MRT) projects. In addition, some of the debt of troubled companies such as 1MDB is not fully accounted for in the contingent liabilities.

In order to properly plan for current and future government spending, Pakatan Harapan will conduct a financial assessment of all the outstanding debts owed by government statutory bodies, wholly-government-owned companies, and companies in which the government holds a significant stake. This comprehensive assessment is needed to accurately evaluate the extent of the "bail-out" required and how to adjust our spending plans moving forward. For example, given this expected increase in contingent liabilities, can we really afford the High Speed Rail project from Kuala Lumpur (KL) to Singapore?

Every budget inevitably involves macroeconomic assumptions. Therefore, the budget should include a sensitivity analysis on potential impacts should macroeconomic circumstances unexpectedly change, such as was the case with oil prices in the Budget Recalibration 2016.

Particularly with the recent collapse in oil prices, other taxes are increasingly called upon to shore up government revenue. The Government must clearly state its policy on the types of taxes they plan to introduce, thereby enabling individual and corporate economic planning. For instance, they must give advance notice should they plan to increase the GST rate, instead of ambushing taxpayers and holding the economy ransom.

Lastly, we demand full disclosure of the Government's non-financial assets, as these are our last recourse, the family heirloom so to speak, if our cash flow runs dry. In addition to detailing all assets they own, the Government must propose how long we can tide over an economic downturn if they are forced to dispose of these assets.

[20] Organisation of Economic Co-operation and Development, *OECD Best Practices for Budget Transparency*, https://www.oecd.org/gov/budgeting/Best%20Practices%20Budget%20Transparency%20-%20complete%20with%20cover%20page.pdf, 2002.
[21] Bank Negara Malaysia, 2016.

6.2.2 Anticorruption, Cheaply and Simply

Fighting corruption takes great political will. In the wake of the 1MDB scandal, we know that the political will under the current government is below zero. However, even without political will, we can still implement management solutions to the problem. There are a few anti-bribery measures that can be implemented to cut corruption & wastage at the organisational and managerial levels.

Malaysia ranked 54th of 168 countries surveyed in Transparency International's Corruption Perceptions Index 2015, a downgrade from 50th place the year before, and far behind eighth-placed Singapore. To tackle public-sector corruption and build public trust, we take guidance from anti-bribery standards such as BS 10500 and the forthcoming ISO 37001, with concrete examples as follows.

Government procurement must involve due diligence. For example, potential contractors and joint venture partners must be subject to risk, probity, and competency assessments. Subsequently, all invoices and expenditure records must be checked to minimise the risk of illegal facilitation payments. To control against fraud and corruption, invoices must be approved by more than one official for payment, regardless of seniority.[22]

A policy on gifts and hospitality must be planned, accepted, and championed from the top down.[23] As the Malaysian Anti-Corruption Commission (MACC) Act 2009 defines "gratification" to include 'money, donation, gift, loan, fee, reward…,'[24] gifts should be treated as bribes. The MACC No Gift Policy[25] must be strictly enforced across all government agencies and GLCs.

We need to establish an effective whistleblowing practice[26] that protects the confidentiality of whistleblowers, and ensures whistleblowers will not be retaliated against for truthfully reporting misconduct. There are plenty of good practices that need to be included to strengthen the Whistleblowers Protection Act 2010.

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[22] Alan Field, *An Introduction to Anti-Bribery Management Systems (BS 10500): Doing right things*, United Kingdom, IT Governance Publishing, 2015, p. 38.
[23] Ibid., pp. 25-32.
[24] Malaysian Anti-Corruption Commission, *Laws of Malaysia Act 694: Malaysian Anti-Corruption Commission Act 2009*, http://www.sprm.gov.my/images/SPRM_act_BI.pdf, 2009, p. 12.
[25] Malaysian Anti-Corruption Commission, *No Gift Policy in Public Sector*, http://www.sprm.gov.my/index.php/en/ace/faq/142-knowledge/770-no-gift-policy, 2016.
[26] Field, p. 45.

The confidentiality of whistleblowers must be protected

To effectively combat corruption, suitable institutional measures must be implemented in regulatory bodies,[27] particularly the MACC. To complicate the establishment of close relationships, visits by regulators must be conducted in teams on a rotating basis. To stop the revolving door, we will disqualify regulators from working for the private industry they have regulated for a certain period of time, and likewise for experts switching from private to public sector.

It is relatively cheap to implement anti-bribery systems and processes into government decision-making. For an outlay of around RM20mil, these anti-bribery measures implemented at the organisational or managerial levels can potentially reduce corruption by 30%, a sum equivalent to RM6bil, from public-sector corruption.

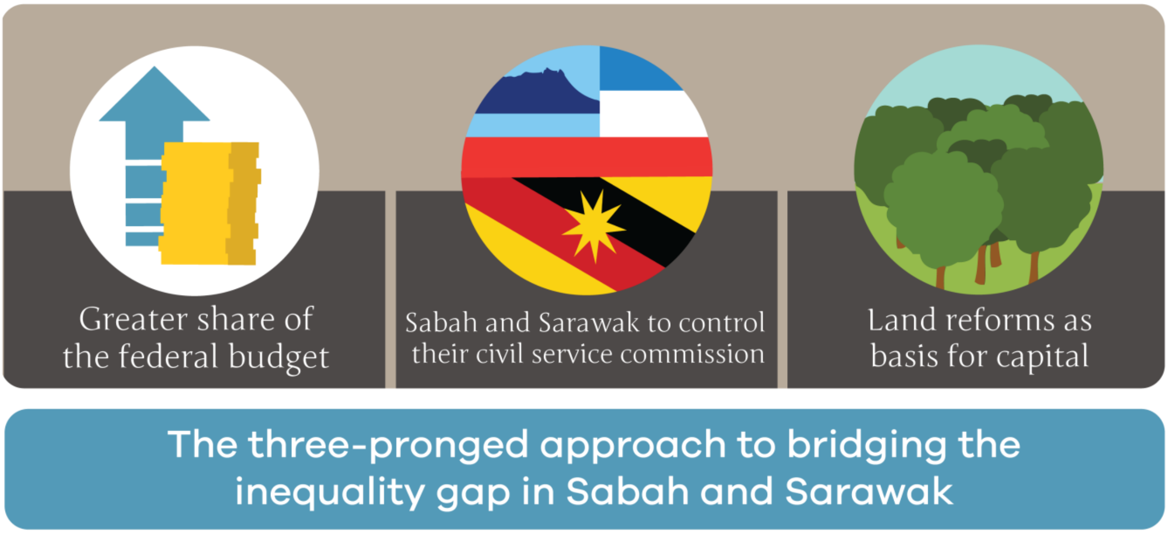
[27] Frédéric Boehm, *Anti-corruption strategies as safeguard for public service sector reforms*, edited, working paper, available at www. icgg. org/downloads, 2007, pp. 12-13.

6.3 Sabah, Sarawak, and Rural Development

6.3.1 The Lion's Share: Sabah and Sarawak

Sabah and Sarawak respectively boast the third and fifth highest nominal GDP of all states in 2015.[28] However, far from enjoying a fair share of their land's bountiful riches, regular Sabahans and Sarawakians respectively earn the lowest and third-lowest median monthly wages at 31% and 21% below the national median in 2015.[29] In addition to the internal wealth disparity within Sabah and Sarawak, there is a stark economic divide between East and West Malaysia.

As laid out in the Malaysia Agreement 1963 and their respective 20-point and 18-point agreements, Pakatan Harapan recognises Sabah and Sarawak as equal partners with the Peninsular. To bridge the inequality gap, we advocate a three-pronged approach: (a) a greater share of the federal budget; (b) a civil service commission in their hands; and (c) support of land reforms as a basis for capital.



We will allocate 60% of the federal development budget to the five poorest states in terms of median monthly wage, irrespective of the political party governing the state. Development spending in the federal budget thus immediately prioritises Sabah, Kelantan, Sarawak, Kedah, and Terengganu. With an average development budget of RM50bil a year for the entire Malaysia, Sabah and Sarawak will receive half of the 60% allocation. This yields RM15bil worth of development projects for Sabah and Sarawak annually under our budget proposal.

Pakatan Harapan also advocates a separate Public Services Commission for the Borneo states. The majority of the Commission shall comprise Sabahans and Sarawakians. They will be allowed to prioritise the hiring of locals to the civil service based on merits. In other words, if there are two equally capable candidates, one from the Peninsular and one from Borneo, the Commission is free to prioritise the latter. The Chairman will be nominated by the Commission itself and will be recommended to the Yang di-Pertuan Agong for final approval.

Sabah and Sarawak need to reform their state land laws. The definition of "native land" must consider native interpretations of customary land, rather than solely serving commercial interests of the rulers or their cronies. Natives must be given indefeasible zland rights status under the National Land Code. The size of and claimants to native lands can be determined by a special investigative commission. We

[28] Department of Statistics Malaysia, *Jadual KDNK Negeri 2010-2015*, 2016.
[29] Department of Statistics Malaysia, *Laporan Penyiasatan Gaji & Upah Malaysia 2015*.

take guidance from the successful settlement of land rights for Orang Asal in Selangor. A fair settlement for natives could see five to ten hectares of land for each family. Subsequently, these lands can be used as economic capital. As long as capital is lacking, natives will be disadvantaged from being economic players to better their lives. The federal government will play the role of facilitating such a program, and if need be, provide federal grants for this massive reform.

6.3.2 Padding Up the Rice Industry

The main objective of a paddy and rice policy is to ensure Malaysia's self-sufficiency and food security. Malaysia is currently the only rice-producing country in the region that is highly dependent on rice imports, revealing a worrying problem in terms of national food security.

We recognise that the status of Padiberas Nasional Berhad (BERNAS) as the largest direct beneficiary of the sector has trade-distorting effects. These effects primarily stem from its concessionary and duty-free rice import privileges, both of which should be terminated. Instead, BERNAS's role must be reverted from importing and selling rice for commercial gain, to buying rice from domestic producers as a national stockpile. This would reduce Malaysia's vulnerability during future food crises caused by our dependence on the foreign market for the supply of imported rice.

We will re-establish Lembaga Padi dan Beras Negara (LPN) as the national supervisory and regulatory body on paddy and rice. LPN will be empowered to oversee all matters regarding the national rice stockpile, such as the import of rice during emergencies and periodical reviews of rice import quotas.

Regarding the income of Malaysian paddy farmers, poverty remains high. The net monthly income from rice cultivation in the Peninsular ranges between RM125 and RM500. Nonetheless, Malaysia remains an inefficient producer of rice, with producers' prices doubling those of imported rice.

To increase the welfare of smallholder rice farmers whilst improving the rice industry's economic viability, we propose the estatisation of rice producers. By estatisation, cultivation is intensified as plots are resized into more productive units, thus generating better yields, superior crop management standards, and reduced production costs as farmers collectively deal with transporters, buyers, and millers more efficiently. Estatised farmers themselves will receive a good income through daily wages for their labour as well as dividends.

In addition, we will provide a service bundle to rice farmers, which includes financing for farm inputs, distribution of seed and fertiliser, training on agricultural techniques, and market facilitation to maximise profits from harvest sales. Such optimisation of government support towards more practical solutions would increase government revenue, reduce the taxpayers' burden, and improve the livelihood of farmers.

Service bundles will be provided to help farmers maximise profits from their harvest sales

6.3.3 Searching… No Service

Believe it or not, but through your phone bill, you indirectly contribute to a fund meant to narrow the urban-rural digital divide. Furthermore, this fund sits on RM7.1bil in cash and cash equivalents as of end 2014.[30]

We would wager that nine of ten Malaysians have never heard of the Universal Service Provision (USP) fund, a trust fund under the responsibility of the Malaysian Communications and Multimedia Commission (MCMC). The USP was set up 'for the implementation of network facilities, network services and application services in underserved areas and communities.'[31] For instance, telecommunications service providers can make claims to this fund for building telco towers in rural Sarawak that would otherwise make no commercial sense.

From 2003 to 2014, a total of RM12.76bil has been collected from the telcos as their contribution to the USP fund. During the same period, RM4.8bil of this fund has been spent. (Refer to Table 6-1.)

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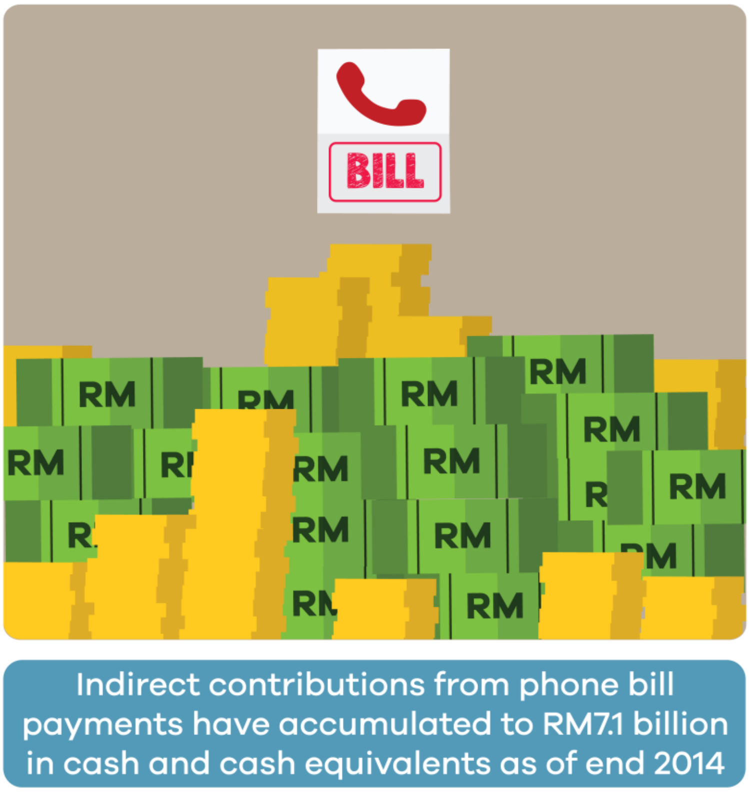
[30] Malaysian Communications and Multimedia Commission, *Universal Service Provision Annual Report 2014*, http://www.skmm.gov.my/skmmgovmy/media/General/pdf/SKMM-USP-2014.pdf, 2015, p. 100.
[31] Ibid., p. 62.

	RM mil	
Year	**Contribution**	**Disbursement**
2003	811.95	10.64
2004	512.11	23.59
2005	697.30	44.30
2006	800.85	22.79
2007	896.77	59.32
2008	1,011.65	153.84
2009	992.63	47.68
2010	1,210.38	263.88
2011	1,429.00	896.55
2012	1,445.02	1,421.30
2013	1,454.66	1,149.03
2014	1,486.36	729.91
Total	**12,748.66**	**4,822.84**

Table 6-1: Contributions to and disbursements from the MCMC's USP fund between 2003 and 2014.[34]



These USP funds must no longer be used to buy laptops for students in selected areas as a means to win votes, especially in marginal parliamentary seats. Instead, these funds are better used in narrowing the digital divide between the urban and rural areas via more concrete and long-term measures, such as the provision of better telecommunications coverage and community Internet and learning centres.

[32] Ibid., p. 69.

6.4 Beyond Traffic Jams and Skyscrapers

6.4.1 Urban Public Transportation

While urban public transportation's reach has increased, most notably in the Klang Valley via the Light Rail Transit (LRT) extension and the upcoming MRT Line 1, its cost has also increased significantly. LRT fare hiked between 50% and 200% (depending on the route) effective December 2015. Concurrently, bus and commuter fares were also increased. Consequently, a bus ride to the Keretapi Tanah Melayu Berhad (KTM) station in Klang followed by a commuter ride to KL Sentral and an LRT ride to KL City Centre (KLCC) may end up costing as much as RM10 one way.[33]

Meanwhile, bus network coverage remains limited and leaves many areas underserved or even unserved. As a comparison, Singapore has more than 3,000 buses on its road each day, while the Klang Valley, which is many times larger, only has slightly more than 1,000 buses operating daily. Outside the Klang Valley, the rollout of the Stage Bus Service Transformation (SBST) has been sporadic. The system of tendering out and deciding SBST routes is still highly centralised.

We propose five steps to make urban public transportation more affordable and to increase coverage to urban areas within and beyond the Klang Valley:

i. Introduce integrated pricing for KTM commuter services, Rapid KL bus services, Bus Rapid Transit (BRT), LRT, and MRT services in the Klang Valley

Integrated pricing ensures that consumers are charged for one trip via distance pricing, instead of being charged separately for each service type used. For example, a consumer taking a 10km journey using the KTM, bus, and LRT should pay the same amount as a consumer taking a 10km journey using only the LRT. The Land Public Transport Commission (SPAD) should introduce a transparent and publicly-disclosed ticket pricing formula so that price adjustments can be introduced regularly rather than increased in one shot. This is the model used by Singapore via its Public Transport Council.

ii. Increase bus drivers' wages and increase bus network coverage

One of the excuses cited by Prasarana Malaysia Berhad for the limited bus route coverage is the shortage of bus drivers. In 2015, Rapid KL lacked approximately 500 drivers to mobilise its fleet of 1,500 buses, thus only operated 900 buses.[34] Yet a main reason behind this shortage is the relatively low pay offered. The starting salary is barely above the minimum wage, while the total maximum pay for bus drivers including allowances and overtime is RM2,500. In contrast, the starting pay for a bus driver in Singapore is now SGD1,950, totalling up to SGD3,500 including overtime and incentives.[35] Pakatan Harapan proposes an increase in the basic monthly salary of bus drivers to RM1,500, and up to RM3,500 including overtime and incentives. With the increase in wages, the number of bus drivers employed will increase, and the bus route network can be increased accordingly.

iii. Give funding and power to local councils to plan out and allocate bus routes

The SBST rollout to cities outside the Klang Valley has been slow and sporadic. Rather than having SPAD direct and determine the tendering out of bus routes in cities such as Kangar, Seremban, Ipoh, and Kuala Terengganu, the federal government must instead allow the respective state governments

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[33] A KTM trip from Pelabuhan Klang to KL Sentral costs RM6.40 (cashless), and an LRT trip from KL Sentral to Bukit Jalil will cost RM4.70, making up a total of RM11.10.

[34] The Malay Mail Online, 'RapidKL needs 500 bus drivers', http://www.themalaymailonline.com/malaysia/article/rapidkl-needs-500-bus-drivers, 2015.

[35] Kenneth Cheng, *Go-Ahead S'pore raises starting pay for bus captains*, http://www.todayonline.com/singapore/go-ahead-ups-basic-salaries-bus-captains-s1950-month, *Today Online*, 2016.

and local authorities to determine and adjust the bus routes based on their knowledge of local needs. Funding should come predominantly from the federal government, with the state governments and local authorities stepping in if they want to add supplementary routes.

iv. Increase non-fare revenue in order to keep fares affordable

The percentage of revenue derived from non-fare sources including transit-oriented development and advertising and retail space management is very significant among the world's most successful public transit companies such as Singapore's SMRT Corporation and Hong Kong's MTR Corporation Limited. Malaysia lags behind on this count, meaning pressure on Prasarana to raise fares when they encounter financial difficulties. The portion of non-fare revenue must be increased using the best practices of successful operators abroad, some of which are in the region.

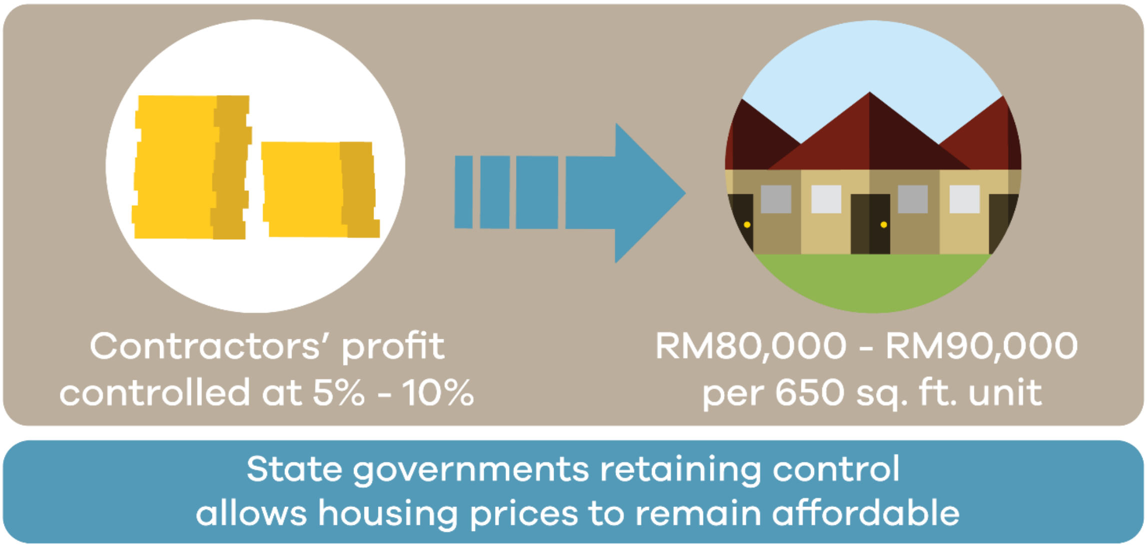
v. Separate asset ownership and operation

Moving forward, the federal government must work towards separation of asset ownership and operation to enable companies like Prasarana to focus solely on running public transportation services without having to worry about servicing loans for capital expenditure such as the LRT Line 3 extension. This is the model that Singapore has already transitioned to.

6.4.2 Where Would You Live?

Pakatan Harapan supports a public housing policy geared towards the poor being homeowners rather than tenants. Besides fostering a deeper sense of belonging among residents, home ownership helps the poor to save as it is a form of investment. Owner-occupied homes are largely better maintained than rentals, thereby creating a more comfortable living environment for all.[36]

Since land is a state matter, state governments should retain control over public housing development in terms of planning, construction, and management. Construction contracts will be awarded via open tender. The contractors' profit percentage must be controlled at 5% to 10%. Retaining control allows the state to keep prices at RM80,000 to RM90,000 per 650 sq. ft. unit.[37] This accords with affordable housing as that priced below three times gross annual household earnings.[38] Since these units are essentially subsidised, they cannot be resold in the open market without government regulation.



Architectural design must build up affordable quality living. Besides the regional planning board, local residents must be consulted with, and their input implemented accordingly. Such is the case for public housing in Vienna, where housing developers' competitions, judged by an interdisciplinary jury, not only reduce construction costs but also maximise ecological considerations and social sustainability.[39]

Regarding ethnic and social class integration, we will establish a direct intervention policy for each public housing unit. The ratio of each ethnicity will be considered, and we will pursue a mix of social classes between the lower and lower-middle income groups. Such diversity lowers the risk of ghettoisation of public housing units and surrounds the younger generation with good role models, thus encouraging them to aspire to be good citizens in the future.

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[36] Say Tin Tan et al., 'Chapter 5: Public Housing', *Economics in Public Policies: The Singapore Story*, Singapore, Marshall Cavendish Education, 2009, p. 109.

[37] At a cost price of RM110 per sq. ft. for construction and professional fees, a 650 sq. ft. unit should cost RM71,500. Adding RM5,000 for sales and advertising brings the cost price, before profit markup, to RM76,500.

[38] Demographia International, *12th Annual Demographia International Housing Affordability Survey*, http://www.demographia.com/dhi.pdf, 2016, p. 26.

[39] Wolfgang Förster, *Social Housing Policies in Vienna, Austria: A Contribution to Social Cohesion*, https://sites.eca.ed.ac.uk/docomomoiscul/files/2015/01/Wolfgang-Forster-paper_secured.pdf, 2013, p. 2.

6.4.3 Health is Wealth

Malaysia's healthcare service is reasonably efficient, with the dual provision of very affordable public services and ample private-sector services. However, unwarranted cuts to the healthcare budget in the face of dire economic straits have strained public healthcare services. For example, we hear of public hospitals being unable to perform laboratory tests due to lack of funds for the required reagents. Pakatan Harapan presents two broad policy observations and two specific recommendations.

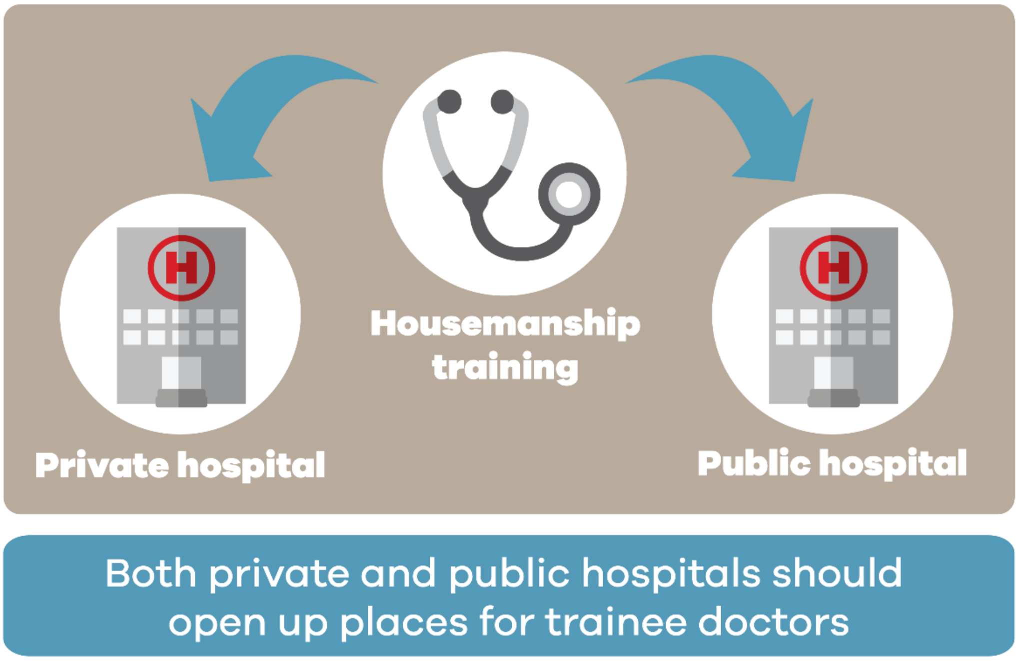
Firstly, we observe that corruption continues to plague the public healthcare system as some companies make obscene margins from goods and services, from medicine and equipment to medical books and cleaning services at public hospitals. While cutting out corruption has been a running theme throughout this document, it applies no less to this final policy proposal. Although national health financing for universal coverage may be the way forward to alleviate rising medical costs, such a large-scale initiative should be deferred until serious anti-corruption measures are in place. We must first make a case to comprehensively eliminate corruption and wastage, then analyse to see if the current budget structure is sustainable. We cannot migrate to a compulsory health insurance scheme which costs will ultimately be borne by the public, without cleaning up the system first.

Secondly, we observe that our public health services are being strained by documented and undocumented foreign workers. The presence of an estimated eight million foreign workers poses both public health and fiscal challenges. Pakatan Harapan believes that our doctors must serve all, irrespective of legal status. Access to public health is a basic human right, failing which a public health threat is created as untreated infectious diseases spread more widely. We are aware that most of the estimated four million undocumented workers are currently driven underground to seek alternative treatments; this deplorable situation aggravates infectious diseases such as tuberculosis. The economic costs from a sicklier population are far greater than making our public health services available to all. The additional costs of treating undocumented foreign workers can only be comprehensively addressed by a combination of tighter enforcement with heavy penalties on their employers, together with an employment legalisation programme. In ensuring fair treatment without extra costs to the business community, Pakatan Harapan will reform the foreign-worker system by eliminating rent-seeking middle men and quota holders.

Our first specific policy proposal is to ensure workforce sustainability by addressing the shortage in housemanship positions. There are only 44 hospitals that offer housemanship training as of 2015,[40] providing about 5,000 slots annually with a three- to six-month waiting period.[41] Pakatan Harapan proposes that while waiting for more accredited training hospitals, private hospitals, particularly those owned by GLCs, should open up places for trainees since they too benefit from the trainee system as many doctors trained in public hospitals often leave for the private sector. Upgrading rural clinics into mini hospitals with qualified doctors would increase both placement positions and healthcare accessibility.

[40] Noor Hisham Abdullah, *Press Statement DG of Health 9 March 2016: Strengthening The Housemanship Training Programme*, https://kpkesihatan.com/2016/03/09/press-statement-dg-of-health-9-march-2016-strengthening-the-housemanship-training-programme/, 2016.

[41] Amanda Yeap, *Long wait for housemanship*, http://www.thestar.com.my/metro/community/2016/04/05/long-wait-for-housemanship-medical-grads-look-for-ways-to-earn-money-and-keep-uptodate-during-waitin/, *The Star Online*, 2016.



Secondly, the Malaysian Medical Council (MMC), as the statutory body maintaining the Medical Register of medical practitioners and overall regulation of the medical practice in Malaysia, must be made an independent body as is the practice worldwide. Appointing the Director-General of the Ministry of Health as MMC President and Registrar presents a conflict of interest, particularly concerning healthcare delivery in public facilities. Instead, Pakatan Harapan will work towards an independent MMC in the best interests of every practitioner and patient benefiting from the Malaysian healthcare system.

7 Appendices

	Year	2013		2014		2015		2016		BN 2017*		2016-2017 Change	
	Revenue Source	RM mil	%	RM mil	%	RM mil	%	RM mil	%	**RM mil**	**%**	**RM mil**	**%**
1	**TAX REVENUE**	**155,951**	**73.09**	**171,770**	**76.06**	**170,018**	**76.43**	**183,549**	**81.34**	**180,468**	**80.90**	**(3,081)**	**-1.68**
	DIRECT TAXES	**120,523**	**56.49**	**133,148**	**58.96**	**116,760**	**52.49**	**125,566**	**55.65**	**119,174**	**53.42**	**(6,392)**	**-5.09**
1.1	INCOME TAXES	113,300	53.10	125,235	55.45	108,362	48.71	116,558	51.65	110,040	49.33	(6,518)	-5.59
	Individual Income Tax	23,055	10.81	26,746	11.84	28,155	12.66	30,266	13.41	29,267	13.12	(999)	-3.30
	Company Income Tax	58,175	27.26	67,679	29.97	68,320	30.71	74,381	32.96	72,893	32.68	(1,488)	-2.00
	Petroleum Income Tax	29,753	13.94	28,275	12.52	9,529	4.28	9,331	4.14	5,132	2.30	(4,199)	-45.00
	Withholding Tax	2,008	0.94	2,174	0.96	2,264	1.02	2,473	1.10	2,634	1.18	161	6.50
	Cooperatives Income Tax	286	0.13	340	0.15	71	0.03	84	0.04	88	0.04	4	5.00
	Others	23	0.01	21	0.01	23	0.01	23	0.01	25	0.01	2	9.00
1.2	OTHER DIRECT TAXES	7,223	3.39	7,913	3.50	8,398	3.78	9,008	3.99	9,134	4.09	126	1.40
	Stamp Duty	6,364	2.98	6,993	3.10	6,188	2.78	6,766	3.00	7,104	3.18	338	5.00
	Real Property Gains Tax	785	0.37	833	0.37	2,128	0.96	2,163	0.96	1,947	0.87	(216)	-10.00
	Others	74	0.03	87	0.04	82	0.04	79	0.04	83	0.04	4	5.00
	INDIRECT TAXES	**35,428**	**16.60**	**38,622**	**17.10**	**53,258**	**23.94**	**57,983**	**25.70**	**61,295**	**27.48**	**3,312**	**5.71**
1.3	EXPORT DUTY	1,930	0.90	2,105	0.93	1,053	0.47	1,008	0.45	603	0.27	(405)	-40.15
	Crude Oil	1,632	0.76	1,943	0.86	904	0.41	900	0.40	495	0.22	(405)	-45.00
	Palm Oil	285	0.13	160	0.07	137	0.06	96	0.04	96	0.04	-	0.00
	Others	13	0.01	2	0.00	12	0.01	12	0.01	12	0.01	0	2.00
1.4	IMPORT DUTY	2,524	1.18	2,502	1.11	2,727	1.23	2,791	1.24	2,972	1.33	181	6.48
	Spirits and Malt Liquor	81	0.04	75	0.03	117	0.05	123	0.05	125	0.06	2	2.00
	Tobacco, Cigarettes, and Cigars	114	0.05	26	0.01	45	0.02	46	0.02	47	0.02	1	2.00
	CKD and CBU Vehicles	466	0.22	497	0.22	742	0.33	731	0.32	738	0.33	7	1.00
	Others	1,863	0.87	1,904	0.84	1,823	0.82	1,891	0.84	2,061	0.92	170	9.00
1.5	EXCISE DUTY	12,193	5.71	13,442	5.95	12,168	5.47	12,408	5.50	12,810	5.74	402	3.24
	Spirits and Malt Liquor	1,520	0.71	1,480	0.66	1,532	0.69	1,562	0.69	1,531	0.69	(31)	-2.00
	Tobacco, Cigarettes, and Cigars	3,275	1.53	3,953	1.75	3,513	1.58	3,582	1.59	3,654	1.64	72	2.00
	Motor Vehicles	7,390	3.46	8,005	3.54	7,119	3.20	7,259	3.22	7,622	3.42	363	5.00
	Others	8	0.00	4	0.00	4	0.00	5	0.00	4	0.00	(1)	-25.00
1.6	SALES TAX	10,068	4.72	10,986	4.86	4,784	2.15	-	-	-	-	-	-
1.7	SERVICE TAX	5,944	2.79	6,780	3.00	2,851	1.28	-	-	-	-	-	-
1.8	LEVY	172	0.08	180	0.08	150	0.07	150	0.07	152	0.07	2	1.50
1.9	MISCELLANEOUS INDIRECT TAXES	2,597	1.22	2,627	1.16	2,525	1.14	2,626	1.16	2,757	1.24	131	5.00
1.10	GOODS AND SERVICES TAX (GST)					27,000	12.14	39,000	17.28	42,000	18.83	3,000	7.69
2	**NON-TAX REVENUE**	**54,450**	**25.52**	**52,277**	**23.15**	**50,095**	**22.52**	**39,648**	**17.57**	**39,657**	**17.78**	**9**	**0.02**
2.1	LICENCES AND PERMITS	13,418	6.29	13,049	5.78	12,460	5.60	12,626	5.60	11,739	5.26	(887)	-7.03
	Petroleum Royalty	6,186	2.90	5,705	2.53	4,415	1.98	3,169	1.40	2,060	0.92	(1,109)	-35.00
	Motor Vehicle Licences	2,407	1.13	2,417	1.07	2,697	1.21	2,957	1.31	3,016	1.35	59	2.00
	Levy on Foreign Workers	2,423	1.14	2,523	1.12	2,699	1.21	3,221	1.43	3,285	1.47	64	2.00
	Others	2,402	1.13	2,404	1.06	2,649	1.19	3,279	1.45	3,377	1.51	98	3.00
2.2	SERVICE FEES	1,262	0.59	1,233	0.55	1,435	0.65	1,510	0.67	1,555	0.70	45	3.00
2.3	SALES OF GOODS	1,222	0.57	1,139	0.50	465	0.21	211	0.09	295	0.13	84	40.00
2.4	RENTALS	176	0.08	207	0.09	109	0.05	120	0.05	130	0.06	10	8.00
2.5	INTERESTS & PROCEEDS ON INVESTMENTS	35,306	16.55	33,565	14.86	32,172	14.46	21,452	9.51	21,921	9.83	469	2.19
	PETRONAS Dividend	27,000	12.65	29,000	12.84	26,000	11.69	16,000	7.09	16,000	7.17	-	0.00
	Bank Negara Malaysia Dividend	1,500	0.70	1,500	0.66	3,000	1.35	2,000	0.89	2,400	1.08	400	20.00
	Khazanah Dividend	851	0.40	750	0.33	1,000	0.45	1,000	0.44	1,020	0.46	20	2.00
	Others	5,955	2.79	2,315	1.03	2,172	0.98	2,452	1.09	2,501	1.12	49	2.00
2.6	FINES AND PENALTIES	1,078	0.51	1,064	0.47	1,158	0.52	1,223	0.54	1,284	0.58	61	5.00
2.7	MTJA					2,170	0.98	2,368	1.05	2,581	1.06	213	9.00
2.8	OTHER NON-TAX REVENUE	1,988	0.93	2,020	0.89	126	0.06	138	0.06	152	0.07	14	10.00
3	**NON-REVENUE RECEIPTS**	**1,590**	**0.75**	**1,152**	**0.51**	**1,473**	**0.66**	**1,504**	**0.67**	**1,955**	**0.88**	**451**	**30.00**
4	**REVENUE FROM FEDERAL TERRITORIES**	**1,378**	**0.65**	**645**	**0.29**	**869**	**0.39**	**951**	**0.42**	**999**	**0.45**	**48**	**5.00**
	TOTAL REVENUE	**213,369**	**100.00**	**225,844**	**100.00**	**222,455**	**100.00**	**225,652**	**100.00**	**223,079**	**100.00**	**(2,573)**	**-1.16**

Table 7-1: Breakdown estimates of Barisan Nasional's revenue figures in 2017.

Year / Revenue Source	2013 RM mil	2013 %	2014 RM mil	2014 %	2015 RM mil	2015 %	2016 RM mil	2016 %	PH 2017* RM mil	PH 2017* %	2016-2017 Change RM mil	2016-2017 Change %
1 TAX REVENUE	**155,951**	**73.09**	**171,770**	**76.06**	**170,018**	**76.43**	**183,549**	**81.34**	**161,799**	**79.15**	**(21,750)**	**-11.85**
DIRECT TAXES	**120,523**	**56.49**	**133,148**	**58.96**	**116,760**	**52.49**	**125,566**	**55.65**	**119,174**	**58.30**	**(6,392)**	**-5.09**
1.1 INCOME TAXES	113,300	53.10	125,235	55.45	108,362	48.71	116,558	51.65	110,040	53.83	(6,518)	-5.59
Individual Income Tax	23,055	10.81	26,746	11.84	28,155	12.66	30,266	13.41	29,267	14.32	(999)	-3.30
Company Income Tax	58,175	27.26	67,679	29.97	68,320	30.71	74,381	32.96	72,893	35.66	(1,488)	-2.00
Petroleum Income Tax	29,753	13.94	28,275	12.52	9,529	4.28	9,331	4.14	5,132	2.51	(4,199)	-45.00
Withholding Tax	2,008	0.94	2,174	0.96	2,264	1.02	2,473	1.10	2,634	1.29	161	6.50
Cooperatives Income Tax	286	0.13	340	0.15	71	0.03	84	0.04	88	0.04	4	5.00
Others	23	0.01	21	0.01	23	0.01	23	0.01	25	0.01	2	9.00
1.2 OTHER DIRECT TAXES	7,223	3.39	7,913	3.50	8,398	3.78	9,008	3.99	9,134	4.47	126	1.40
Stamp Duty	6,364	2.98	6,993	3.10	6,188	2.78	6,766	3.00	7,104	3.48	338	5.00
Real Property Gains Tax	785	0.37	833	0.37	2,128	0.96	2,163	0.96	1,947	0.95	(216)	-10.00
Others	74	0.03	87	0.04	82	0.04	79	0.04	83	0.04	4	5.00
INDIRECT TAXES	**35,428**	**16.60**	**38,622**	**17.10**	**53,258**	**23.94**	**57,983**	**25.70**	**42,626**	**20.85**	**(15,357)**	**-26.49**
1.3 EXPORT DUTY	1,930	0.90	2,105	0.93	1,053	0.47	1,008	0.45	1,234	0.60	226	22.42
Crude Oil	1,632	0.76	1,943	0.86	904	0.41	900	0.40	495	0.24	(405)	-45.00
Palm Oil	285	0.13	160	0.07	137	0.06	96	0.04	96	0.05	-	0.00
Others	13	0.01	2	0.00	12	0.01	12	0.01	12	0.01	0	2.00
1.4 IMPORT DUTY	2,524	1.18	2,502	1.11	2,727	1.23	2,791	1.24	2,972	1.45	181	6.48
Spirits and Malt Liquor	81	0.04	75	0.03	117	0.05	123	0.05	125	0.06	2	2.00
Tobacco, Cigarettes, and Cigars	114	0.05	26	0.01	45	0.02	46	0.02	47	0.02	1	2.00
CKD and CBU Vehicles	466	0.22	497	0.22	742	0.33	731	0.32	738	0.36	7	1.00
Others	1,863	0.87	1,904	0.84	1,823	0.82	1,891	0.84	2,061	1.01	170	9.00
1.5 EXCISE DUTY	12,193	5.71	13,442	5.95	12,168	5.47	12,408	5.50	12,810	6.27	402	3.24
Spirits and Malt Liquor	1,520	0.71	1,480	0.66	1,532	0.69	1,562	0.69	1,531	0.75	(31)	-2.00
Tobacco, Cigarettes, and Cigars	3,275	1.53	3,953	1.75	3,513	1.58	3,582	1.59	3,654	1.79	72	2.00
Motor Vehicles	7,390	3.46	8,005	3.54	7,119	3.20	7,259	3.22	7,622	3.73	363	5.00
Others	8	0.00	4	0.00	4	0.00	5	0.00	4	0.00	(1)	-25.00
1.6 SALES TAX	10,068	4.72	10,986	4.86	4,784	2.15	0.00	0.00	15200.00	7.44	15200.00	-
1.7 SERVICE TAX	5,944	2.79	6,780	3.00	2,851	1.28	0.00	0.00	7500.00	3.67	7500.00	-
1.8 LEVY	172	0.08	180	0.08	150	0.07	150	0.07	152	0.07	2	1.50
1.9 MISCELLANEOUS INDIRECT TAXES	2,597	1.22	2,627	1.16	2,525	1.14	2,626	1.16	2,757	1.35	131	5.00
1.10 GOODS AND SERVICES TAX (GST)					27,000	12.14	39,000	17.28	-	-	(39,000)	-100.00
2 NON-TAX REVENUE	**54,450**	**25.52**	**52,277**	**23.15**	**50,095**	**22.52**	**39,648**	**17.57**	**39,657**	**19.40**	**9**	**0.02**
2.1 LICENCES AND PERMITS	13,418	6.29	13,049	5.78	12,460	5.60	12,626	5.60	11,739	5.74	(887)	-7.03
Petroleum Royalty	6,186	2.90	5,705	2.53	4,415	1.98	3,169	1.40	2,060	1.01	(1,109)	-35.00
Motor Vehicle Licences	2,407	1.13	2,417	1.07	2,697	1.21	2,957	1.31	3,016	1.48	59	2.00
Levy on Foreign Workers	2,423	1.14	2,523	1.12	2,699	1.21	3,221	1.43	3,285	1.61	64	2.00
Others	2,402	1.13	2,404	1.06	2,649	1.19	3,279	1.45	3,377	1.65	98	3.00
2.2 SERVICE FEES	1,262	0.59	1,233	0.55	1,435	0.65	1,510	0.67	1,555	0.76	45	3.00
2.3 SALES OF GOODS	1,222	0.57	1,139	0.50	465	0.21	211	0.09	295	0.14	84	40.00
2.4 RENTALS	176	0.08	207	0.09	109	0.05	120	0.05	130	0.06	10	8.00
2.5 INTERESTS & PROCEEDS ON INVESTMENTS	35,306	16.55	33,565	14.86	32,172	14.46	21,452	9.51	21,921	10.72	469	2.19
PETRONAS Dividend	27,000	12.65	29,000	12.84	26,000	11.69	16,000	7.09	16,000	7.83	-	0.00
Bank Negara Malaysia Dividend	1,500	0.70	1,500	0.66	3,000	1.35	2,000	0.89	2,400	1.17	400	20.00
Khazanah Dividend	851	0.40	750	0.33	1,000	0.45	1,000	0.44	1,020	0.50	20	2.00
Others	5,955	2.79	2,315	1.03	2,172	0.98	2,452	1.09	2,501	1.22	49	2.00
2.6 FINES AND PENALTIES	1,078	0.51	1,064	0.47	1,158	0.52	1,223	0.54	1,284	0.63	61	5.00
2.7 MTJA					2,170	0.98	2,368	1.05	2,581	1.16	213	9.00
2.8 OTHER NON-TAX REVENUE	1,988	0.93	2,020	0.89	126	0.06	138	0.06	152	0.07	14	10.00
3 NON-REVENUE RECEIPTS	**1,590**	**0.75**	**1,152**	**0.51**	**1,473**	**0.66**	**1,504**	**0.67**	**1,955**	**0.96**	**451**	**30.00**
4 REVENUE FROM FEDERAL TERRITORIES	**1,378**	**0.65**	**645**	**0.29**	**869**	**0.39**	**951**	**0.42**	**999**	**0.49**	**48**	**5.00**
TOTAL REVENUE	**213,369**	**100.00**	**225,844**	**100.00**	**222,455**	**100.00**	**225,652**	**100.00**	**204,410**	**100.00**	**(21,242)**	**-9.41**

Table 7-2: Breakdown estimates of Pakatan Harapan's revenue figures in 2017.

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