



## **PRESS STATEMENT BY PEPS ON 2018 BUDGET**

With 2020 around the corner, the 2018 Budget is very important as it sets the tone on whether Malaysia can achieve developed nation status by 2020. The new infrastructure announced, Digital Malaysia and the 4 Economic Development Zones will continue to spur strong economic growth.

1. The Government under PRIMA plans is to build 500,000 affordable homes. In PEPS Budget Wish List of 2018, PEPS highlight the affordability issue of the middle 40% of the population (M 40) i.e. a mismatch between house prices and income levels, the lack of State land released at cheaper price for affordable housing, and high infrastructure and compliance costs.

In the Budget 2018, RM2.2 billion is allocated for housing of which RM1.5 billion is allocated for PRIMA housing to build 210,000 units priced at RM250,000 and below per unit over a period of 2 years. This is a very laudable move by the Government to address the affordable housing issues in terms of financial capacity to buy and also to assist in increasing the supply of affordable homes. The step-up financing scheme provided to PRIMA is now extended to private developers under Budget 2018 is also welcome news.

2. In PEPS Budget Wish List, PEPS recommends as a measure to reduce building construction costs and to speed up the construction period for the Government to promote Industrialised Building System (IBS) and has recommended the Government to provide incentives to both builders of pre-fabricated housing components and also to developers who adopt the IBS Building System.

In the Budget 2018, the allocation of RM2.5 billion using IBS is only applicable for the improvement and maintenance of dilapidated school buildings. Although it is an initial step towards the implementation of IBS, PEPS hopes that IBS incentives and grants will be given to builders and housing developers who adopt the IBS.

3. On Healthcare Tourism, PEPS commends the Government for providing incentives to private hospitals in attracting health tourists and to promote Malaysia into a "Fertility, IVF and Cardiology Treatment Hub in Asia".
4. To promote tourism in Malaysia, the upgrading of the various airports, the incentives for investment of new 4 to 5 star hotels as being extended to 2020 and the introduction of the E-Visa regional hub to ease the entry of expatriates, foreign students and Malaysia My Second Home participants are plus points.
5. To promote the growth of rental market compared to home ownership (under the concept of House Owning Democracy), PEPS is pleased to note that for rental income up to RM2,000 per month, there is a tax exemption of 50% from 2018 to 2020.

6. The Property Industry and Property market are still faced with many challenges and problems such as oversupply, overbuilding, high costs and mismatch between supply and demand and issues on end financing.

It is noted that the 2018 Budget did not come with any measures or incentives to arrest the problems stated above and to tackle the revival of the property market. There was also no incentives to assist first time buyers to buy their first home.

For further information, please contact Mr. James Wong, Chairman of the Budget Committee of PEPS at his mobile no: 019-312 6302.

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