



ADDRESSING THE RISING COST OF LIVING

**AIDING THE RAKYAT IN  
MANAGING LIVING COSTS**





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Over the course of the NTP, we have had to review our fiscal measures to allow for sustainable socio-economic growth, while ensuring that this growth is not achieved at the expense of those in need. In view of this, the Government has introduced measures to help cushion the public from the impact of living costs.

Managing the cost of living is not unique to Malaysia. It is a phenomenon faced by citizens all over the world. According to the Worldwide Cost of Living Survey 2017 by the Economic Intelligence Unit, the global cost of living has risen to 74% while taking an average of the indices for all cities surveyed using New York as base city, mainly due to deflation and currency devaluations. Singapore remained the world's most expensive city for the fourth straight year, followed by Hong Kong and Zurich. Kuala Lumpur, meanwhile, was ranked 96<sup>th</sup> out of the 133 cities surveyed.

The disbursement of Bantuan Rakyat 1Malaysia (BR1M) serves as the Government's primary tool to help manage the cost of living for Malaysians. Since 2012, RM25.62 billion in direct aid has assisted over 7 million individuals and families to ease payments of expenses such as monthly bills, school fees and medical costs.

In addition to providing immediate relief through BR1M, the Government also seeks to formulate long-term strategies to address living costs. In 2016, the foremost agenda was focused on enforcements to prevent price hikes in staple products by unscrupulous traders following the introduction of GST, whereas in 2017, urban poverty was made our main priority as living costs are often higher in urban areas.

The Government has also listed several medium- and long-term strategies to manage the production cost of food products which would be carried out jointly by various public and private sectors via the National Blue Ocean Strategy. One of the strategies is to optimise production to ensure enough supply meets demand particularly for farm outputs, livestock and fisheries. A committee has been formed to study costs throughout the supply chain to prevent price manipulation by middlemen. Concurrently, various initiatives have been put in place to ease the rakyat's financial burden on food expenses such as the My Farm Outlet (MFO), Q'Fish Programme and the National Food Warehouse. To help mitigate the impact of living costs for local university students, especially those in big cities, the Government has introduced the SiswaSave programme and the Kad Diskaun Siswa 1Malaysia.

In ensuring that the Rakyat has continued access to affordable housing, the Government has identified household needs, house pricing trends and specific locations as fundamental factors in implementing housing schemes and initiatives which are based on the Rakyat's needs. The Projek Perumahan Rakyat (PPR), PPR Rent-to-Own, Housing Loan Scheme (SPP) and MyDeposit are among such initiatives which are targeted at the low- and middle-income group.

It is my hope that with our holistic approach, we will be able to provide better targeted channels to aid those in need.

## EXTENDING A HELPING HAND TO THOSE IN NEED

Bantuan Rakyat 1Malaysia (BR1M) accounts for the Government's primary method to deliver immediate relief to the public to manage living costs, which rise naturally over time.

Since its implementation in 2012, BR1M has put a total of RM25.62 billion in cash directly into the hands of over seven million individuals and families. In ensuring inclusiveness of the aid initiative, BR1M is available for eligible Malaysians nationwide, with 1.4 million beneficiaries from Sabah and Sarawak.

**“Since 2012, BR1M has provided over seven million individuals and families with RM25.62 billion in direct cash assistance.”**

In 2017, RM6.31 billion was disbursed to 7.22 million eligible individuals and families. The recipients comprise 3.84 million households earning below RM3,000 per month which received RM1,200 for each household; 392,319 households earning between RM3,001 and RM4,000 per month which received RM900 for each household; and 2.98 million unmarried individuals earning less than RM2,000 per month which received RM450 each.



Photo from Utusan Online

**Seven million individuals and families have benefited from BR1M.**



Photo from Utusan Online

**BR1M helps cover individual and family expenses.**

Although detractors may argue that monetary handouts only provide temporary relief, BR1M has proven helpful in alleviating the financial burden of those in the lower income bracket. This is because the money can be used for various purposes such as purchasing groceries for the family, paying monthly bills or help cover some of the expenses for their children's schooling. A study by the World Bank and Stanford University has also validated targeted cash distributions through programmes such as BR1M, finding that a majority of the recipients invest in their children's education or use it for other purposes for the benefit of their families.

The BR1M Upliftment Programme was launched in 2017 in collaboration with Bank Simpanan Nasional (BSN), Proton and Uber to aid the B40 segment in earning higher incomes. Instead of cash payments under BR1M, members can choose to allocate the funds towards a deposit to Proton for purchase of a car to provide Uber services. It will cater to two segments: those with qualifying cars and those without qualifying cars. For the former, BR1M members get to become an immediate Uber driver partner after satisfying the mandatory Uber driver partner background check and vehicle requirements. A Proton/Bank Simpanan Nasional Malaysia collaboration will support those without qualifying cars.

Aside from job creation and income generation, the BR1M Upliftment Programme will feature other benefits, such as helping Malaysia reach its public transportation targets as well as address peak hour transportation reliability, the cost of transportation and traffic congestion. Last but not least, the implementation of this programme is expected to reduce BR1M expenditure in the long term.



## Low-Cost Housing Unit, High Life Satisfaction

The Projek Perumahan Rakyat (PPR) under the Ministry of Urban Wellbeing, Housing and Local Government has benefitted thousands of families by providing low-cost shelters. Fadzillah Shaari, 54 and her family of four is one of them.

“Before we moved to our PPR unit, our family rented a squatter’s home at Datuk Keramat,” she shared, “We constantly feared flooding, fires and landlord evictions. It was not uncommon in the area.”

Now, Fadzillah and her family is proud to call Block C, PPR Hiliran Ampang their home. They rented the unit for a low monthly rental of RM124 per month since 2006 and in 2010, decided to purchase the unit for RM35,000. The family received a rebate of RM2,500 for making the full payment thus lowering the total cost of the house even further to just RM32,500.

“We really like living here. The environment is comfortable and the house is near my working place and is easily accessible,” said Fadzillah. Her three-bedroom, two-bathroom unit at the housing area comes with a plethora of amenities, including a children’s playground, a kindergarten, a surau, an internet centre, an elderly centre, a health centre and a sheltered multi-purpose hall. The residents’ club has more than 100 members and frequently organises beneficial activities for the youth and the elderly. A multi-storey parking area is currently being developed to address residents’ parking problem.

Fadzillah was introduced to the PPR by Kuala Lumpur City Hall officers. They were completing surveys at the Datuk Keramat area, where her family used to live. Upon inquiry and finding out that her family is eligible for the assistance, she applied and was subsequently selected. During the process, Fadzillah shared that she was pleased that families with children and elderly are given priority for the limited units.



**PPR provides the rakyat an opportunity for fulfilling housing.**

After she received the house keys, the family moved into the basic unit which came with a functional electrical system and running water. Many of Fadzillah’s friends and family members congratulated her and asked about PPR themselves. “They told me it’s hard to cope with the cost of living, and it is hard to find places with low rental costs,” said Fadzillah, “My rent (before I purchased the unit) was just RM124 per month. Some of them pay RM600, RM700, RM800 every month for one, two-bedroom houses. It’s especially hard for big families.”

Fadzillah hopes that more units will be available in the future for families like hers. She is happy that more PPR units – multi-storey flats, walk-up flats and terrace houses – are being built each year. Acknowledging that she was ‘lucky’ to have found out about PPR by chance from the Kuala Lumpur City Hall officers, Fadzillah noted that more awareness about the programme could be created so more people will have the chance to rent or purchase the low-cost units.

“(As a beneficiary,) I will continue to promote PPR so other low-income families may benefit, as ours did,” she said.

## KADS1M – A Student-Approved Financial Assistance

Ayu Nur Hani Azman, a 21-year-old student pursuing a Bachelor in Business Management in Transportation at UiTM Puncak Alam is a big fan of KADS1M offered by Bank Rakyat. Abbreviated from Kad Debit-i Diskaun Siswa 1Malaysia, or 1Malaysia Student Discount Debit-i Card, KADS1M is a contactless Syariah-compliant 3-in-1 discount, ATM and debit card. It does not impose any additional foreign transaction fees and provides SMS notifications upon suspected suspicious transactions.

“I’ve received other government-initiated student discount cards and book voucher programmes, and KADS1M is my favourite one to use so far,” she said enthusiastically, “Upon receiving the card with RM250 deposited inside, we (students) can use the amount for anything. It really helped with my expenses at university.”

Sharing that she used the money to pay for petrol, food and books, Ayu also regularly makes use of the merchant discounts offered to get more savings. “I can get 10% discount from MPH with the card, as well as discounts from fast food outlets like KFC and Marry Brown. It’s great to get discounts, as it helps reduce cost on school supplies especially.”

KADS1M holders can enjoy merchant discounts from a wide variety of categories, including automotive, books and stationaries, medical clinic, food and beverages, optometry, education, printing and souvenirs, clothes, accommodation, transportation and travel, groceries, saloon and beauty, sports and recreation, and others with more than 2,000 merchants enlisted.

The process to apply and receive the card was straightforward if a tad lengthy, Ayu shared. Upon word-of-mouth recommendations from her friends and seeing advertisements of KADS1M on mass media, she completed the card application online in early 2017 and waited for its approval. It was ready for collection at the nearest Bank Negara branch in mid-2017.

Having used the card, Ayu shared some pointers for first-time applicants. “I would advise my peers to start the application process early because you do have to wait for the card to be ready,” said Ayu, “Bank Negara will send an email to notify the card approval, but in my case it took months, so you have to be patient.”

Many of Ayu’s friends are also recipients of KADS1M and they have also enjoyed the financial benefits offered by the card. She emphasises students to implement prudent money management upon receiving the financial assistance. “It’s good if one can plan to use the money effectively. Some of my peers have blown their RM250 assistance purely for entertainment purposes. KADS1M is supposed to help us with our studies, and we should make the best use (of the money).”

With the help of KADS1M as well as other support given to students, Ayu hopes to graduate in 2020, succeed in her career path and contribute to the nation.



**Ayu Nur Hani Azman,  
KADS1M user.**



## MOVING FORWARD ▶▶

When the NTP was implemented in 2010, the Government had set out to ensure that the socio-economic improvements were inclusive and sustainable. Over the past 7 years, the proportion of people living in poverty has declined in a consistent fashion to under 0.4% (as of 2016). Malaysian households have enjoyed a median income increase of 6.6% from RM4,585 in 2014 to RM5,228 in 2016. Wages had also seen a marked improvement for the B40 in real terms due to the implementation of the minimum wage.

Malaysia is so often driven by the anxiety behind its current debate on cost of living that many forget that global influences also affect the rakyat's state of being. Thus, maintaining fiscal discipline in good times to expand support for the economy when needed and to meet long-term obligations to the rakyat is vital. However, the results of transformation are clear: a more durable, growing economy; annual deficit cuts; rising wages, falling poverty; affordable healthcare; and better education. Investments into the country has also been consistent. As of December 2017, the nation's GDP stood at RM1,352.5 billion.

For all the work that remains, a new foundation has already been laid to manage our cost of living. With socio-economic sustainability and inclusiveness making up the main thrusts of the NTP, the Government will increasingly seek to facilitate income-generating opportunities for the rakyat to improve their well-being and help manage the cost of living that will continue to be influenced and impacted by the global market. Opportunities under the NTP will sustainably empower the public to better contend with living costs, as monetary aid and subsidies are limited over the longer term – economic improvement must be one that is not only sustainable but shared. To achieve it, Malaysia must remain competitive and continue to attract strategic investments to strengthen its economy for many generations to come.

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