

Analysts, industry players mixed on govt allocations for next year



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by AUFA MARDHIAH, SHAFIQQUL ALIFF & AKMAR ANNUAR / graphic TMR

MALAYSIA University of Science and Technology professor and economist Dr Geoffrey William said Budget 2023, as predicted, sees a massive 12% increase in pre-election operational spending and a long list of handouts to various interest groups.

He said the additional expected revenue has almost all been allocated to extra spending and not a real attempt to cut the total amount of borrowing.

“There is, therefore, a development budget fully funded by debt,” he said in a statement.

The RM200 distribution for e-wallets, he added, is for specific products, at specific stores with specific e-wallets.

“This is the worst way to handle subsidy targeting and will lead to massive transaction costs and corruption,” William added.

Meanwhile, the increase in Bantuan Keluarga Malaysia (BKM) given to the bottom 40% income group (B40) will not be able to cover the cost of their food, while the RM1 billion welfare fund for the elderly is only worth RM23 per month per person.

The analyst added that allocation for education has finally increased but only for public universities and the extra 4% barely covers inflation, while the private universities are being ignored.

“For the development budget, the increase from RM75.6 billion to RM95.1 billion is almost all accounted for by transport projects such as MRT3 and upgrading government buildings. The second at least will have no impact on promoting economic growth,” William noted.

Centre for Market Education CEO Dr Carmelo Ferlito also viewed Budget 2023 as lacking in strategy rationalising operational expenditures with still too many “ad hoc” goodies.

However, he welcomed tax cuts, small and medium enterprises grants and loan schemes.

“These changes are essential and desirable. However, to avoid further compromising the government’s budgetary situation and increasing inflationary pressures, they should be supported with a rationalisation of operational spending and improved tax collection enforcement,” he said in a statement.

He also noted that improving investor confidence is beyond the reach of the budget, but programmes implemented for firms (tax cuts, grants, loan schemes, and the foreign direct investment scheme) might generate good profit expectations and therefore assist the economic system surf the coming waves.

“Tax cuts must be supported with a logical strategy of spending reduction, particularly on operational expenses — the amount for operational expenditures such as civil servant salaries and subsidies is still very large.

“Debt and inflation will become increasingly major issues if we do not enhance revenue collection and curb spending. Especially in light of tax cuts; tax cuts are really essential, but they are only one side of the coin. We are in peril if expenses are not appropriately rationalised,” Ferlito said.

He also noted that there has been much discussion regarding targeted subsidies.

“It is time to move from talking to doing. The simplest and most easily implemented solution would be to sell products and services at market prices and give proportional purpose-vouchers based on income groups,” he further said.

On the other hand, CIMB Group Holdings Bhd Group CEO/ ED Datuk Abdul Rahman Ahmad welcomed the focus on initiatives that will benefit youths, B40 group, self-employed or in the gig economy, and micro, small and medium enterprises.

This includes various tax incentives, grants and financing opportunities, which CIMB supports via programmes such as Bank Negara Malaysia’s (BNM) iTEKAD initiative.

In view of the growing prevalence of scams and fraud, CIMB also welcomed the government’s establishment of a National Scam Response Centre.

“On our part, we are firmly on track to fully implement the enhanced security measures against scams as announced recently by BNM.

“We will continue to work closely with the authorities to protect consumers against fraud,” he said in a statement.

Meanwhile, the Malaysian Medical Association (MMA) president Dr Muruga Raj Rajathurai believed that the Health Minister’s proposal for six new initiatives worth RM3.4 billion made an impact in convincing the Finance Ministry of the need for a much higher allocation.

“MMA is also pleased that the government has recognised the need for a larger operational budget with the allocation of RM31.5 billion, which we think will solve the issue of many of its ageing healthcare facilities.

"We also support the government's intentions to expand health-care facilities. However, we hope to hear more about its intentions for its healthcare human resources, which are the lifeblood of our public healthcare system, soon. There is still a long way to go in tackling the problem of contract doctors and expert shortages," he said.

Esport industry players are pleased that it has been included in Budget 2023, where RM13 million was allocated.

Yodo head Chow Tuck Mun said the eSport business is developing, hence more people are getting directly involved in the ecosystem, which in turn offers many job opportunities.

"It is quickly becoming a career option for today's youth and is getting worldwide attention. It has also appeared in the Asian and Sea Games, illustrating its expanding popularity.

"The inclusion of eSports in the latest Budget 2023 release allows us to continue expanding the industry and propel Malaysia on its path to become a regional eSports centre," he said last Friday.