KERATAN AKHBAR

TARIKH	: 7 OKTOBER 2022
AKHBAR	: THE SUN
CAPAIAN	:https://www.thesundaily.my/business/budget-2023-allocates-rm3723-billion-to-continue-substantial-support-for-economy-mof-YK9936427

Budget 2023 allocates RM372.3 billion to continue substantial support for economy: MoF

KUALA LUMPUR: Budget 2023 continues to provide substantial support to the economy with a total allocation of RM372.3 billion or 20.5 per cent of gross domestic product (GDP).

Of the amount, RM272.3 billion or 73.1 per cent will be allocated for operating expenditure (OE), and RM95 billion or 25.5 per cent for development expenditure (DE), says the Ministry of Finance (MoF).

Additionally, the remaining RM5 billion is for outstanding payments of the Covid-19 Fund commitments made in 2022 as stipulated in Section 8(1), Temporary Measures for Government Financing (Coronavirus Disease (Covid-19)) Act 2020.

“In terms of sectoral allocation, 37.2 per cent (of Budget 2023) is allocated for programmes and projects under the social sector, followed by the economic (19.5 per cent), security (9.9 per cent) and general administration (5.5 per cent) sectors, and 27.9 per cent is allocated for charged expenditures and transfer payments.

“The top three recipients of Budget 2023 are the Ministry of Finance (RM67.2 billion), Ministry of Education (RM55.6 billion) and Ministry of Health (RM36.1 billion), constituting 43.3 per cent of total expenditure,” it said in its 2023 Fiscal Outlook and Federal Government Revenue Estimates report released today.

The MoF said the allocation for OE is estimated at RM272.3 billion or 15 per cent of the GDP in 2023, which is slightly lower by 4.3 per cent compared to Budget 2022 due to reduced allocation for subsidies and social assistance following the expected moderation in commodity prices and the gradual implementation of targeted subsidy mechanism.

Nevertheless, higher allocation is provided for emoluments, retirement charges, debt service charges (DSC) and grants to statutory bodies.

Emoluments for civil servants remain as the largest component, constituting 33.3 per cent of OE, the ministry said.

“The component is estimated to increase by 4.9 per cent to RM90.8 billion, mainly due to provision of special annual salary increment for civil servants as well as absorption of contract officers to permanent positions, particularly in the health and education services,” it said.

Meanwhile, retirement charges is estimated to increase by 1.4 per cent to RM29.1 billion representing 10.7 per cent of the total OE.

A total of RM21.9 billion or 75.3 per cent of retirement charges comprise pension payments for about 958,700 pensioners and beneficiaries, while the remaining are mainly for gratuity payments and cash award in lieu of accumulated leave.

“As Malaysia is now an ageing nation based on the definition by the United Nations (UN), pension liabilities are expected to expand further. Therefore, the government is exploring options to efficiently manage future pension obligations.

“As stipulated in the Federal Constitution, the DSC is a charged item that must be prioritised before all other OE, and it is estimated to grow by seven per cent to RM46.1 billion in tandem with higher financing needs for DE and Covid-19 Fund,” it said.

Of the amount, 98.4 per cent is allocated for the payment of coupons on domestic debts, particularly Malaysian Government Securities (MGS) and Malaysian Government Investment Issues (MGII), while the balance is for offshore loans.

The DSC ratio-to-revenue is estimated at 16.9 per cent, compared to the 15 per cent threshold in accordance to international best practices.

The MoF added that supplies and services, which represent 11.8 per cent of the total OE, is expected to decline by 3.8 per cent to RM32 billion, due to the government’s initiative to absorb contract personnel into the service, resulting in the shift of allocation from supplies and services to emoluments.

Allocation for grants to statutory bodies is expected to increase by 12.1 per cent to RM15.1 billion.

Meanwhile, it also said that the Ministry of Health will receive the highest allocation for supplies and services (35 per cent), mainly for the procurement of medical supplies and professional services as well as repairs and maintenance.

Subsidies and social assistance is projected to be at RM42 billion, mainly for fuel and agriculture-related subsidies; cash and welfare assistance; toll compensation; as well as education-related assistance.

Fuel subsidies are estimated to decline with the expectation of lower global crude oil price in 2023, averaging at US$90 per barrel, as well as in line with the gradual move towards targeted subsidies in ensuring economic efficiency and equitable distribution of resources.

Additionally, the government will continue to provide the Bantuan Keluarga Malaysia assistance to ease the financial burden of the lower-income group.

Meanwhile, the implementation of DE programmes and projects is expected to gain momentum as the nation enters the third year of the 12th Malaysia Plan (12MP).

As such, a total of RM95 billion will be allocated in 2023 mainly to support economic growth and the post-Covid-19 recovery, where the allocations will be channelled to programmes and projects with high socio-economic impacts, in line with the UN's Sustainable Development Goals (SDG).

The government will also continue to provide allocation to meet public-private partnership (PPP)/private financing initiative (PFI)-related commitments and financial obligations mainly to redeem the US$3 billion 1MDB's maturing bond in March 2023. - Bernama