

# KERATAN AKHBAR

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## Call for a bigger 2023 Budget

TACKLING INFLATION, LEAKAGES AND IRREGULARITIES

# CALL FOR A BIGGER 2023 BUDGET

We just need fiscal prudence, says university's economist

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**T**HE government should increase the 2023 Budget to address inflation, leakages and procurement irregularities to reform revenue, said economists.

They also said there must be urgency to reform government finance through the budget.

Malaysia University of Science and Technology economist Dr Geoffrey Williams said the government does not need to scale back on this year's budget because the 2022 Budget was already a "record" one.

"Instead, the budget can be increased by four per cent to RM345 billion, in line with core inflation, and revenue should target a similar level as last year's RM285 billion, which will reduce the deficit.

"Then, in the new budget, ad-

justments can be made to meet core spending more economically and provide scope for extra spending if necessary," he told the *New Straits Times*.

He said procurement irregularities must be addressed to get savings.

There will also be savings from the reform of subsidies which can then be used for core activities, especially welfare reforms.

"We do not need austerity or boom and bust, just fiscal prudence."

Williams said there should be reforms on the revenue side for a more efficient tax system with lower overall taxes, and on the spending side to cut wastage and leakages to focus on core deliveries.

"Mega projects should be based on economic needs and the likely impact on jobs, income and investment.

"So, projects which are underway can be reviewed for more efficiency while others can be re-

negotiated or rescheduled."

More private investment opportunities must be opened up, and if mega projects are economically viable, then private companies would be willing to invest in them, he added.

Universiti Kuala Lumpur Business School economic analyst Associate Prof Aimi Zulhazmi Abdul Rashid said the revised budget would likely be smaller than the previous one.

"It will prioritise the people's welfare and focus on targeted subsidies," he told the NST.

Aimi said a smaller development budget is also expected but should be enough to spur the construction industry, known to be an economic catalyst.

Besides, he said the fight against corruption and cronyism should be reflected in a more transparent approach in government tenders and awards.

"The revised budget is highly anticipated as Prime Minister Datuk Seri Anwar Ibrahim, as the finance minister, will set the direction of the nation's growth."

Aminvest Research said for the sustainability of government finance, there must be an urgency to



The rollout of targeted fuel subsidies could be on the cards in the 2023 Budget, according to Aminvest Research. FILE PIC

reform government finance.

"This is also in line with the prime minister's remark that fiscal deficit and the public debt will be reduced in stages," it said in a note.

Aminvest Research expects the budget to remain skewed towards an expansionary mode given that the global economy is entering a soft patch period with a "mild" global recession looking likely.

In addition, the firm noted that continuous recovery of the domestic economy should be maintained.

"We do not think the allocation to be significantly higher than RM372.3 billion that was announced earlier considering the tight fiscal constraints.

"All people-friendly measures are expected to be maintained."

Reallocation of the development expenditure in the original budget to support to small and medium enterprises could be possible.

It noted that there could be tax rate adjustments to the top income brackets for individuals. "But if any, the quantum is expected to be small and will not be significant enough to dampen private consumption."

Aminvest Research said subsidies related to food production and cash transfer programmes are also expected to be maintained or improved, while the rollout of targeted fuel subsidies could be on the cards.

"We expect any subsidy rationalisation to be cautiously implemented to avoid ballooning inflation."