

MEDIA RELEASE

MEF: WITH RM 386.14 BILLION 2023 BUDGET ALLOCATION AND PRUDENT MANAGEMENT FORECASTED 4.5% IS REALISTIC AND ACHIEVABLE

PETALING JAYA: The Prime Minister YAB Dato' Seri Anwar tabled Budget 2023 with revised allocation of RM386.14 billion, the largest allocation in Malaysia's history. The government will continue to provide assistance to ensure the economy is on the right path of recovery. The 2023 budget allocation is an upward revision from the RM372.3 billion budget tabled by the previous government in October 2022.

A substantial allocation of 23.5 per cent will be provided for emoluments, subsidies and social assistance (15.2 per cent), economic (14.3 per cent), debt service charges (11.9 per cent), supplies and services (8.3 per cent), retirement charges (8.0 per cent), social (6.9 per cent), security (3.0 per cent), grants and transfers to state governments (2.1 per cent), general administration (1.0 per cent) and others (5.8 per cent). Budget 2023 will enable the GDP to grow by 4.5% above world GDP average GDP of 2% to 3%.

MEF President, Datuk Dr. Syed Hussain Syed Husman P.J.N., J.P. stated that "MEF is supportive of the YAB Dato' Seri Anwar 's efforts to focus on addressing the high cost of living, further strengthening the social safety nets and enhancing the micro, small and medium enterprises (MSMEs) eco-system. These efforts are critical as high cost of living is of great concern of all Rakyat not only those in B40 and M40. Enhancing the eco system for the MSMEs which constitute about 98% of all registered companies in Malaysia is critical to ensure sustainability of MSMEs. Streamlining business processes through implementation of high technology and digitalisation will enable employers to improve their processes and enhance their productivity. It is really comforting that YAB Dato' Seri Anwar reiterated that the government is committed to protecting the livelihood of the rakyat, upholding integrity, enhancing a caring and compassionate society, as well as improving the effectiveness of public and private sector delivery systems.

About RM64bil will be allocated for subsidies, aids and incentives to minimise the cost of living, through price control, cash aids and services for the needy. The government's People Income Initiative (Inisiatif Pendapatan Rakyat, IPR) will also enable the poor to increase their income. RM750mil allocation in 2023 ensure the IPR is a success and will uplift the status of the estimated 130,000 hardcore poor in 2023"

"The YAB Prime Minister has identified that SME n MSME are the real backbone of our economy. 98% of the business are here. MEF appreciates the financial support and the incentives given for MSMEs under Budget 2023 will also ensure employment is protected at this entry level. Growth of skills and talent under TVET will further support the businesses with the required skilled workforce. With the support given to entrepreneurs and development of skills and talent it is comprehensive and will mutually benefit employees and businesses."

"The incentive of RM600-per-month under SOCSO to employers who employ 17,000 TVET graduates for three months in addition to the salary offered with allocation RM45mil will encourage more employers to employ TVET graduates. The government's initiative to implement a pilot model involving Federal TVET institutions with a target of 50 companies, mainly from among GLCs will give more confidence for private sector to follow suit later. Under the pilot programme leading companies will partially or fully take over the operations of TVET institutions such as community colleges, Public Skills Training Institutes (ILAs) and National Youth Skills Institutes (IKBN) to provide training programs. As an example, PETRONAS - the oil and gas cluster in Pengerang, Kimanis, Batu Rakit and Miri; DRB Hicom - automotive cluster in Pekan; Sunway - hospitality cluster; and MRCB - construction cluster. Such initiative will ensure that the TVET training will meet the requirements of the relevant industries and thereby eliminate mismatches."

Datuk Dr. Syed Hussain adds that "The initiative to upskill gig workers will ensure that these group of workers are not left behind. SOCSO will provide allowance of RM300 for three months to replace the income of gig workers who are active

and undergoing training programmes. RM40mil is allocated for the benefit of 30,000 gig workers. HRDCorp The allocation of RM1bil fund for workers skills training programme for registered workers and have accumulated levies will enhance training ogf employees under HRDC. RM10mil allocation will be given to the Prison Agro Programme for agriculture activity on the 70ha prison land. This initiative will encourage inmates to be more self-reliant upon release from prison.”

“Automation through robotics will encourage more employers to adopt digitalisation and IR 4.0. Government move to provide RM50mil grant to promote the plantation automation sector through robotics and artificial intelligence will attract local talent to join plantation industry and reduce reliance on foreign workers. The RM80mil allocation will improve sustainability of palm oil and to counter Anti-Palm Oil Campaign”

“The RM290mil grant to encourage new mothers to return to the work force after giving birth will enhance women participation rate in the labour force. SOCSO will give grant equivalents to 80% the salary. It is estimated that more than 130,000 women will return to work after giving birth will benefit from this grant involving a total of RM290mil per year.” Adds Datuk Dr. Syed Hussain.

“MEF welcomes the 2% reduction on income tax for RM35,000 to 100,000 bracket but hopes that the reduction in income tax rates be extended to all brackets of income.”

Datuk Dr. Syed Hussain states further that “While the YAB Dato’ Seri Anwar and his cabinet address the core issues of the nation with importance and urgency, the devil is in the execution. MEF hopes that all the stakeholders learn and hear the YAB Prime Minister’s message clear and loud on the urgency of implementation and seeking the targeted results. The administration must further simplify processes and make life easier for businesses and entrepreneurs. MEF is in full support for this Budget 2023. MEF now sees serious actions and steps in the pipeline to address long outstanding issues.”



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