

# A1 EXECUTIVE SUMMARY

The Minister of Finance, YB Dato' Seri Anwar bin Ibrahim, delivered the Federal Budget speech themed "Economic Reforms, Empowering the People" on 13 October 2023. The 2024 budget builds upon three pillars, namely, "Good Governance for Service Agility", "Restructuring of the Economy to Boost Growth" and "Raising *Rakyat's* Standard of Living" which comprises of 12 main thrusts:

## **Good Governance for Service Agility**

1. Commitment to Fiscal Reform;
2. Institutional Reform Agenda; and
3. Prioritising Services and Rakyat-Oriented Projects.

## **Restructuring of the Economy to Boost Growth**

1. Revamping the Economic Structure;
2. Empowering MSMEs;
3. Supporting Primary Sectors; and
4. Sustainable Agenda and Energy Transition.

## **Raising Rakyat's Standard of Living**

1. Protecting the Welfare of the Rakyat;
2. Empowering the Government Focus Group;
3. Providing Excellent Basic Facilities;
4. Strengthening Unity and Security; and
5. Welfare of Civil Servants.

## **Good Governance for Service Agility**

### ***Commitment to Fiscal Reform***

In 2024, the government aims for 4-5% GDP growth, expecting increased revenue. The budget for 2024, the highest ever, allocates funds for operating and development expenditures. Proposed reforms include tax adjustments like an 8% Service Tax, 10% Capital Gains Tax on unlisted shares, and a High Value Goods Tax. Plans for a Global Minimum Tax in 2025 align with international standards. Mandatory e-Invoicing and efforts to curb revenue leakages, especially in cigarette and liquor smuggling, are emphasised. Temporary subsidies for chicken and egg prices will be lifted, while targeted subsidies for electricity consumption and rationalising diesel prices are in the pipeline.

### ***Institutional Reform Agenda***

The government prioritises reforms to alleviate public suffering, combat corruption, and ensure political stability. Key measures include the Special Task Force on Agency Reform (STAR) focusing on project acceleration, legislative reforms with RM18 million allocated, public institutions reform targeting revenue sustainability and social protection, and Public-Private-Philanthropy Partnership (PPPP) allocates RM100 million to support NGOs.

## ***Prioritising Services and Rakyat-Oriented Projects***

The government prioritises the *Rakyat's* welfare by addressing issues such as repair of school lavatories, road safety enhancement, legal aid support, and extending the Second Chance Policy. Additionally, it focuses on the development of Sabah and Sarawak, increasing federal allocations, negotiating infrastructure handovers, and advancing the National Digital Identity for efficient public services.

## **Restructuring of the Economy to Boost Growth**

### ***Revamping the Economic Structure***

The government aims to reshape Malaysia's economy through the Ekonomi MADANI framework, focusing on incentivising the high growth, high value (HGHV) sector, enhancing Malaysia's appeal for investments, promoting internationalisation of startups through the MYStartup platform, and positioning Malaysia as a leader in the global Islamic economy with proposed tax exemptions and support for the Halal industry.

### ***Empowering MSMEs***

The Second Belanjawan MADANI focuses on supporting MSMEs with a business loan facility totalling RM44 billion, including RM2.4 billion for small loans through agencies like BNM, BSN, and TEKUN. Initiatives to strengthen competitiveness involve promoting automation and digitalisation, while RM6.8 million is allocated for TVET education. The MADANI Training Programme, tax relief for skills improvement, and efforts to enhance the economy, such as beautifying stalls and encouraging local product purchases, are emphasised. Additionally, RM100 million supports Amanah Ikhtiar Malaysia to alleviate poverty.

### ***Supporting Primary Sectors***

Key points of this thrust include a focus on the logistics sector with infrastructure development and a Global Service Hub tax incentive, reinstatement of Visit Malaysia Year until 2026 with RM350 million allocated for promotion, tourism, and cultural initiatives. In technology and innovation, RM510 million is allocated for R&D funding, RM76 million for ecosystem enhancement, and the continuation of the INNOVATHON programme. The plantations and commodities sector receives RM2.4 billion for agricommodity activities, RM100 million for the Palm Replanting Programme, and RM70 million for sustainability. GLIC and GLC companies are estimated to contribute RM130 billion to welfare programs.

### ***Sustainable Agenda and Energy Transition***

The National Energy Transition Roadmap (NETR) introduces six key drivers, emphasising net-zero carbon emissions through the creation of a RM2 billion fund, incentives for the electric vehicle industry, solar panel installation, and sustainable investments. Preservation efforts include biodiversity *sukuk* and tax deductions. Disaster readiness involves implementing flood mitigation projects and allocating RM300 million to NADMA. Food security measures include RM2.6 billion for farmer and fisherman subsidies, diesel incentives, and protection for those affected by natural disasters.

## **Raising Rakyat's Standard of Living**

### ***Protecting the Welfare of the Rakyat***

The government is allocating RM58.1 million for various forms of assistance in the year 2024. This includes expansion of the Payung Rahmah Programme, increase in Rahmah Cash Assurances and introduction of Sumbangan Asas Rahmah. The government is taking the initiative to increase income, eradicate hardcore poverty and support vulnerable groups.

### ***Empowering the Government Focus Group***

The Government will continue to intensify efforts to ensure equality of opportunity among the *Rakyat*. Moving forward, Bumiputera investment institutions will be centralised under Yayasan Pelaburan Bumiputera. The Ekonomi MADANI framework encourages women to return to work and increase the tax exemption on childcare allowances. In addition, the government has allocated RM20 million to Rakan Muda to enhance the content of youth programme.

### ***Providing Excellent Basic Facilities***

The allocation of RM58.7 billion will be provided to the Ministry of Education, RM16.3 billion to the Ministry of Higher Education and RM41.2 billion to the Ministry of Health Malaysia. Various funds will be allocated to maintain and upgrade infrastructure in schools, procurement of medical equipment, development of rural areas, expansion of 5G coverage, intensify major road infrastructure project and support housing projects.

### ***Strengthening Unity and Security***

The defense of our land is essential to ensure our security. The allocations provided are RM19.7 billion to the Ministry of Defense and RM19 billion to the Ministry of Home Affairs. Initiatives include acquiring new assets, addressing South China Sea tensions, and reinforcing borders and waters. The well-being of uniformed members is prioritised, and RM1.9 billion is allocated for Islamic affairs.

### ***Welfare of Civil Servants***

The Government will expand the Official Ceremony Attire Facility, enhance the Ex-Gratia Job Disaster Scheme, and review the civil service remuneration system. Incentives include early payments and financial support for civil servants, retirees, and private sector employees. Additionally, a humanitarian fund of RM10 million will be established to assist the people of Gaza.

### **Conclusion**

Overall, Budget 2024 demonstrates the commitment and determination of the Unity Government in actualising their intent to elevate the country and *Rakyat's* economic stature. It outlines a range of support mechanisms and funding allocations aimed at benefitting both the citizens and the overall economy.