

### **Experts: Budget is good start but implementation may be an issue**

KUALA LUMPUR, Nov 3 — Malaysia's budget for 2022, its biggest to date, is focused on economic recovery, by providing assistance to most segments of the population and businesses with hopes of bringing them back to pre-pandemic levels.

Now, the challenge is making sure all forms of assistance and support reach the target groups.

The expansive budget, the first to be tabled under Prime Minister Datuk Seri Ismail Sabri Yaakob's leadership, includes social welfare assistance to poor families and students, investment in labour, incentives and tax breaks for employers and workers, and development spending, among other things.

Experts say the assistance may not be as helpful as hoped as it is stretched a little too thin to cover the intended recipients.

No one will be left behind

Describing the budget as a band-aid, economist Prof Dr Yeah Kim Leng acknowledged the government could not provide more help as it does not have the means to do so, compared to more advanced countries.

This, he said, made it more important to ensure no one would be left behind.

"Budget 2022 may need to do some mopping up exercise to ensure those who have fallen out of the (social safety) net, are not left behind. We should be in a position to do that so we can put the White Flag episode behind us," he said.

The White Flag episode pertains to a movement during the prolonged Covid-19 lockdown, which saw many families and Malaysians putting up white flags outside their homes for help to survive.

He said government assistance is important to return lower-income and middle-income people and families back to pre-pandemic levels of income and be able to sustain it. He pointed out the pandemic has exacerbated the wealth gap between the rich and the poor, with some who were previously middle class now at the bottom tier of the socio-economic ladder

Yeah added the work is now to track and find everyone who needs help and to ensure no aid is wasted in the meantime.

“The increased spending is good for supporting the economy. Nonetheless, we should ensure efficiency and effectiveness in the spending and monitoring the outcome so we achieve the important goal of sustaining the recovery and the momentum, and most importantly leaving no one behind,” he said.

**According to the Department of Statistics Malaysia (DOSM), Covid-19 has pushed those living under the poverty level to over 600,000 households. The figure was over 400,000 in 2019.**

On October 31, the Employees Provident Fund (EPF) reported 6.1 million members now have less than RM10,000 in their accounts, with more than half having less than RM1,000. The government allowed members to dip into their retirement savings to weather the Covid-19 effect on the economy. Only the T20 group managed to save money during the pandemic.

Measures must be in place

Senior research associate Yin Shao Loong with Khazanah Research Institute agreed that measures must be in place to ensure those who need help will get it, but feared the assistance may not come in time.

“There is a question mark, especially in terms of SMEs (small and medium enterprises) because they provide a lot of employment. How many of those who are struggling right now, this year, can actually survive till next year to take advantage of the programmes?” he said.

He added Covid-19 had delivered a killing blow to many of the businesses, which could not survive the extended lockdown period. As of September 28, over 37,000 businesses shut down during the third movement control order (MCO), which began in May.

He also said the government could have gone further to assist the people in need, going deeper into deficit if needs be.

The 2022 Budget is estimated to operate at a fiscal deficit of 6 per cent of the gross domestic product (GDP), lower than the 6.5 per cent to 7 per cent projected for 2021.

“A deficit budget isn’t a problem as long as the deficit is incurred for productive spending and that it goes into something like social safety nets, that help people from falling into the cracks. Because it is harder to get people up and back on their feet if they have had (for example) some kind of catastrophic health incident,” he said.

He said once the figures are broken down, the amount of help is not as substantial as it may seem, adding the assistance could also be more targeted towards groups that need help, like the poor, the unemployed, students and women.

For social activist Datuk Munirah Abdul Hamid, president of Pertubuhan Tindakan Wanita Islam (Pertiwi), the worry was not whether the aid earmarked for the poor, the disabled and women would be available in time or if it would be enough, but whether it will reach them all.

She said in her experience, a large number of the target beneficiaries failed to receive the government's cash aid as they lacked the means to register, such as transport problems or internet connection. Some of the criteria such as requiring permanent address and documents have also locked out those who needed help, she noted.

"We can't have it where only the people who are registered ... and only they qualify. What about those who cannot meet all those requirements to register? There are always people who are falling through the cracks," she said.

She said the government should simplify the process and collaborate with non-governmental organisations (NGO) that work with these communities.

#### Uncertain future

While the budget has an eye on the future by investing in the Malaysian people, with incentives and subsidies to retrain and upskill workers, and the development of technologies, there are some glaring blind spots.

One group that is feeling left out is those involved in providing care for the elderly. President of the Association for Residential Aged Care Operators of Malaysia (AGECOPE) Delren Terrence Douglas, said the budget did not address the issue of preparing Malaysia for a transition into an ageing nation.

"The current budget does not cover or look into the extent of the problem we may face in ageing. It's going to be short term because our aged population is increasing at a very fast rate and by 2030 our senior citizens will be triple the figure they are now," he told Bernama via WhatsApp.

He said some of the issues included assistance to elderly care facilities, tax relief or subsidies for families with an elderly relative in such homes and shortage of caregivers, which were made worse by the pandemic as many healthcare staff were called in to supplement the workforce.

**According to the DOSM, Malaysia is on track to becoming an ageing nation by 2030, when it is projected that 15 per cent of its population will be 60 years old and above, the threshold according to the World Health Organisation (WHO).**

He said although there are benefits and financial aid planned for senior citizens and households with senior citizens, as well as more financing for the Social Welfare Department, there is nothing specific that indicates the government is preparing for Malaysia's transition into an ageing nation.

An aspect of the future that Malaysia seems to be trying to address through the Budget is its commitment to becoming more green to prepare for climate change, such as the tax relief for purchasing Electric Vehicles (EV).

However, Yin, who specialises in industrial policy, climate change and future technologies, said the initiatives in the budget, such as the one with tax breaks for EV, were not enough to address climate change.

“It’s a distraction from our real problem. About 28 per cent of our greenhouse gas emissions come from transport and 85 per cent of that transport emissions come from road transport. So we’re talking about one-fifth of our total emissions. How much good are EVs going to contribute toward reducing our emissions?” he said, adding it would be better if the EVs were for public transport instead.

Malaysia’s car manufacturers do not produce any EV for the moment, but Perodua and Proton have both indicated they were planning to in the future.

Dr Yeah, who is also a professor of Economics at Sunway University, said the EV tax breaks could nevertheless have a snowball effect by accelerating their acceptance, which would hopefully attract partners to develop and make good EVs.

He added Malaysia could end up being part of the supply chain for EVs, provided the government invests in developing infrastructure for it.

“It has to be accompanied by huge investment in charging infrastructure. So that will also create new business opportunities,” he said.

— Bernama

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