

BUDGET TO FOCUS ON COST OF LIVING

Govt won't shirk its responsibility, will ease burden on the people, says Anwar

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THE upcoming 2025 Budget will focus on managing the rising cost of living, said Prime Min-

ister Datuk Seri Anwar Ibrahim. Anwar, who is also finance minister, said the government would not shirk its responsibility in providing comfort to the people.

"One very concerning issue is the public's worry about the rising cost of living.

"Although I can say that sugar, oil and flour, and fuel prices are among the cheapest in the region, I do not deny that the public still feels burdened," he said at the Finance Ministry's monthly assembly, here.

Anwar said the budget would

also address the problems of cartels, monopolies and the cause of price increases.

"In terms of fertilisers, seeds and everything else, we must address these issues where the Finance Ministry, especially as the planner, must think across ministries where its experience, whether in the enforcement or policy planning, will provide a better understanding," Anwar said.

He added that it was impossible that the government could not find ways to reduce costs.

The 2025 Budget will be tabled in the Dewan Rakyat on Oct 18.

The Finance Ministry in its pre-budget statement previously said it would focus on three short-term priorities to realise the goals of the Madani Economy.

They were raising the ceiling on economic restructuring towards greater competitiveness and higher value-added activities; raising the floor in improving the quality of life and inclusiveness of opportunities; and, strengthening governance and public delivery.

Economists said removal of licences for companies in certain sectors and monopolistic policies could be possible measures that

the government could take to reduce cost of living pressures in the budget.

Professor Dr Geoffrey Williams said the exclusive licences to certain parties had led to several monopolies in industries.

Therefore, he said removing these licences will open up competition and help lower prices and the cost of living.

Williams said monopolies in rice, medicine and healthcare sectors should be removed.

"Monopolies on consumer products such as rice are created by policy.

"There is no real economic reason why many companies cannot supply rice and hence, it should be removed," he said.

Williams added that the removal of the monopoly on drugs would reduce the price of medicine.

Ending the monopoly in healthcare would allow any doctor with an accredited degree to practise, besides solving the current contract doctor crisis in government hospitals and reduce private medical costs, he said.

On the other hand, Nusantara Academy Strategic Research Senior fellow Dr Azmi Hassan sug-

gested that the government should end monopolies on toll payment and e-hailing services.

"These two critical issues need to be addressed by introducing new policies to create more competition."

Bank Muamalat chief economist Dr Mohd Afzanizam Abdul Rashid said the removal of monopolistic policies was extremely important given that a fair, transparent and efficient market for goods and services would help establish the right price discovery mechanism.

On the budget itself, he anticipated allocations for direct cash transfer programmes as the government had rationalised subsidies.

"This will allow the government to save and use some of the savings for cash aid programmes, such as Sumbangan Tunai Rahmah (STR), Sumbangan Asas Rahmah (Sara) and early school assistance, among others," he added.

Azmi also expected the STR to be increased given that the nation's economy was heading in a good direction.

"The current cash aid via STR is

still not enough because of the high cost of living, and most probably some businesses are taking advantage by increasing the cost of products and services after the diesel subsidy was introduced.

"The economic growth above 5.0 per cent might be translated into a higher amount of STR and also recipients of the cash aid could be expanded," he said.

On the government's ability to provide a better budget, Williams said it was a possibility with savings from subsidy rationalisation, including diesel and utilities.

He added that a new RM10 billion commitment for higher civil service salaries needed to be funded.

Williams suggested that the government should consider an e-payment tax (EPT) to raise more revenue.

Based on his latest estimation of a 1.0 per cent EPT rate, he said the tax could raise RM13.9 billion, which would be enough to end individual income tax for everyone below the T20 threshold, and still leave RM7.5 billion for extra spending on health, education and social protection. **Additional**

reporting by Diyana Isamudin