



MINISTRY OF FINANCE

2025 PRE-BUDGET STATEMENT

Ekonomi MADANI: Ekonomi Makmur, Rakyat Sejahtera

Ministry of Finance

30 July 2024

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INTRODUCTION

1. The Ekonomi MADANI framework, launched on 27 July 2023, sets out the Government's medium-term economic priorities to restructure Malaysia's economy towards higher value-added activities as well as greater competitiveness and sustainability, while ensuring that the economic prosperity generated translates to a better quality of life and standard of living for the *rakyat*. The clarity of economic policies and early reforms put in place through the Ekonomi MADANI framework have contributed to Malaysia's current momentum of economic growth. Budget 2025 aims to build on these positive developments and drive the implementation of reforms towards realising the goals of Ekonomi MADANI.

2. Malaysia's economy recorded an encouraging growth of 4.2% in the first quarter of 2024, surpassing economic analysts' median projection of 3.9%. Moreover, the nation's economic growth eclipsed that of other regional countries such as Korea (3.4%), Singapore (2.7%) and Thailand (1.5%) in the same period. The robust growth was driven by the recovery in exports performance, robust tourism activities and sustained domestic demand despite challenging external conditions.

3. In the first quarter of 2024, total trade grew 6.8% to RM690.5 billion compared to RM646.8 billion in the first quarter of 2023, supported by an increase in gross exports by 2% to RM362.3 billion and gross imports by 12.5% to RM328.2 billion. Consequently, trade surplus stood at RM34.1 billion during the period. Exports of goods and services in the first quarter of 2024 grew 5.2% compared to a contraction of 8.1% in 2023. Private investments recorded a buoyant growth of 9.2% in the first quarter of 2024, compared to the 4.6% rise in 2023. This robust growth was underpinned by capital spending related to infrastructure, machinery and equipment, and other assets. Meanwhile, the total approved investments came to RM83.7 billion, with foreign investments contributing RM47 billion or 56%, while domestic investments made up the remaining balance of RM36.7 billion or 44%.

4. The growth momentum extended beyond Gross Domestic Product (GDP). For the labour market, the number of employed persons increased 2.1% to 16.4 million, contributing to a low unemployment rate of 3.3%. While the positive economic growth

momentum continues, inflationary pressures have eased significantly. The headline inflation rate remained low at 1.8% in the first half of 2024, down from 3.2% during the same period of 2023.

5. The growth trajectory is expected to accelerate in the second quarter of 2024, with an advance estimate growth of 5.8% driven by vibrant economic activities in all sectors, especially the services sector. Domestic demand is expected to remain as the economy's major growth driver, particularly private spending, following the payment of the Sumbangan Tunai Rahmah (STR) cash assistance programme and withdrawals from Account 3 of the Employees Provident Fund (EPF). The growth in the second quarter of 2024 would also be contributed by consistent Government policy support, especially through initiatives under the Ekonomi MADANI framework and Budget 2024 measures actively implemented since the beginning of the year. As such, the Government is confident that Malaysia will achieve the targeted annual growth rate of between 4.0% and 5.0% in 2024.

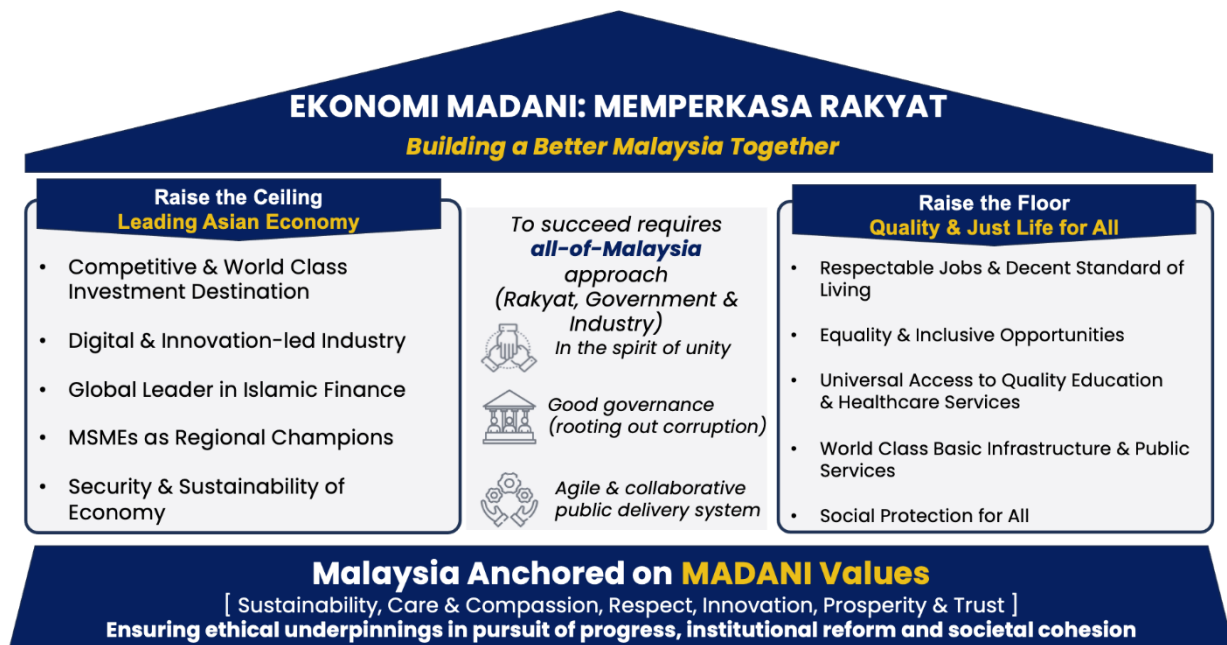
6. From a fiscal perspective, the Government will continue its fiscal consolidation plan to rebuild fiscal buffers and resilience while managing the Government's debt and liabilities. During Budget 2024, the Government announced several revenue measures and expenditure optimisation efforts, including key reforms to transition from blanket to targeted subsidies. Accordingly, the Government aims to further taper its fiscal deficit to 4.3% of GDP in 2024, from 5.0% in 2023. The Government remains committed towards fiscal consolidation to achieve at least a 3% deficit in the medium term, whilst ensuring fiscal policy remains supportive of economic growth.

7. The Government's gradual fiscal consolidation plan so far has led to a reduction in the amount of net borrowings, which effectively blunted debt growth. The debt growth rate was 8.6% in 2023, lower than 10.2% in 2022. For 2024, the annual debt growth rate is expected to narrow to around 7%. This downward trend is in line with the reduction in the annual net borrowings, from approximately RM100 billion per year in 2021 and 2022 to RM93 billion in 2023, with a target of reducing it further to RM86 billion in 2024. The borrowing strategy will continue to prioritise domestic market issuance. Overall, the Government will continue to practise a prudent debt management approach in financing development projects that support economic growth.

8. Recently, S&P Global Ratings and Fitch Ratings reaffirmed Malaysia’s A-/BBB+ ratings with a stable outlook. This is an achievement considering the current challenging external conditions, coupled with heightened risks of geopolitical conflicts. The reaffirmation of Malaysia's sovereign credit ratings and positive economic outlook by the rating agencies signify confidence in the Government's prudent economic management and commitment to reform agenda, guided by the Ekonomi MADANI framework.

9. The Ekonomi MADANI framework identifies seven key performance indicators to be achieved in the medium-term. Subsequently, three policy documents were released to provide further policy support to bring Ekonomi MADANI’s vision to reality: the National Energy Transition Roadmap (NETR), the New Industrial Master Plan 2030 (NIMP), and the 12th Malaysia Plan Mid-Term Review (12MP MTR). Budget 2024 marks the maiden budget since the launch of Ekonomi MADANI, which kickstarted the Government’s policy execution to systematically restructure Malaysia’s economy. Budget 2025 will be a continuation towards realising the Ekonomi MADANI’s vision.

10. The Ekonomi MADANI framework is illustrated below:



11. The framework is founded on the six MADANI values espoused by the Government: Sustainability, Care and Compassion, Respect, Innovation, Prosperity, and

Trust. Melded together, these six MADANI values form the building blocks of Malaysia's structural reforms as they inculcate a spirit of unity among the multicultural Malaysian society and promote good governance as well as an agile and collaborative public delivery system. These building blocks also influenced the two key pillars of Ekonomi MADANI: (1) to "Raise the Ceiling" of Malaysia's economic stature, and (2) "Raise the Floor" of Malaysians' quality of life.

12. The Government continues to ensure that all citizens — regardless of their socio-economic status, geographical location or other factors — have equal opportunity to receive high-quality education and healthcare services. These, and other aspirations articulated in Ekonomi MADANI, feed into the Government's vision of enabling social mobility and collectively grow the nation's wealth in a sustainable manner.

13. Budget 2025 will focus on three important thrusts of the Ekonomi MADANI framework:

- a. **Raise the Ceiling:** This thrust aims to restructure the economy and boost national competitiveness, catapulting Malaysia into an economic leader in the Asian region.
- b. **Raise the Floor:** This thrust aims to improve the quality of life for all Malaysians to ensure equality of opportunities, a decent standard of living and social protection for all.
- c. **Good Governance and Public Sector Reform:** This thrust aims to enhance transparency, efficiency and accountability in the Government, as they serve as a fulcrum for achieving the first two goals.

RAISE THE CEILING

14. The first thrust, "Raise the Ceiling", emphasises strengthening the economy and growing the nation's wealth through both short- and medium-term measures. To do so, it aims to restructure and elevate the Malaysian economy by focusing on greater regionalisation and competitiveness, prioritising the advancement of economic complexity and moving the domestic industries up the global value chain.

Competitive and World-Class Investment Destination

15. Through Budget 2025, the Government will prioritise measures that will contribute towards enhancing Malaysia's global competitiveness, particularly improvements in the 'Ease of Doing Business' to encourage set-up of new businesses and expansion of existing investments. The recent findings of the International Institute for Management Development (IMD) World Competitiveness report has identified areas for Malaysia to intensify her focus on. To achieve this goal, the Government has established a dedicated task force led jointly by the Ministry of Investment, Trade and Industry (MITI) and the Ministry of Finance (MoF). The Government's objective is clear: to attain a top 12 position in the IMD World Competitiveness Ranking in the medium-term. This task force will collaborate closely with the relevant agencies to develop detailed plans aimed at addressing challenges and seizing opportunities to restore Malaysia's reputation as a world-class investment destination. This initiative underscores the whole-of-government approach to drive comprehensive improvements and ensure Malaysia's sustained growth and advancement as the regional champion.

16. The introduction of the NIMP 2030 marks a significant shift towards greater economic complexity and ascending the value chain. Budget 2025 will catalyse the areas of emphasis for the NIMP 2030, especially on industrial investment, skilled labour and technology adoption related to High-Growth High-Value (HGHV) investments. Catalysing such investments will involve formulating incentives and financing that will support industrial development, enhance domestic linkages to generate wealth through manufacturing activities, create high-value jobs and strengthen Malaysia's position in the global value chain.

17. Budget 2025 plans to build on early efforts to develop the economy's next growth engines, for instance, in the areas of carbon capture, utilisation, and storage (CCUS), green industrial parks and higher-value semiconductor manufacturing. To date, the commitment to develop Kerian Integrated Green Industrial Park (KIGIP), Automotive Hi-Tech Valley (AHTV) Tanjung Malim and Johor-Singapore Special Economic Zone (JS-SEZ) are testaments to the Government's efforts to stimulate national economic growth by harnessing unique strengths and opportunities across Malaysia.

18. The Government through Budget 2025 will complement the commitment by Government-Linked Investment Companies (GLICs) and Government-Linked Companies (GLCs) to enhance their domestic sector investments, with an additional RM440 billion into domestic capital markets and a commitment of RM120 billion into direct domestic investments including venture capital, which are to be deployed over the next five years. Beyond capital investments, in line with Ekonomi MADANI's focus on raising the floor, GLICs and GLCs will maintain their commitment to community engagement, focusing on community-based activities and improving the well-being of their workforce.

Digital and Innovation-led Industry

19. Under Budget 2025, the Government will intensify efforts to augment local innovation and technology to enable effective competition on both the regional and global fronts. This involves leveraging automation, artificial intelligence (AI) and machine learning to boost productivity, streamline costs and foster sustainable growth across sectors. The Government welcomes proposals that promote digitalisation and automation in industries, including AI implementation, as outlined under Mission 2 of the NIMP 2030 and the Ekonomi MADANI framework to enhance productivity and create new opportunities for economic growth. Malaysia aims to emerge as an innovative, advanced and sustainable nation that is well-equipped to weather future challenges. Working together with the private sector, advancing digitalisation and automation are not only key to improve the nation's competitiveness and productivity but also to reduce dependency on lower-skilled foreign workers.

20. Recognising the mounting importance of digital innovation in generating HGHV opportunities and promoting economic complexity, Budget 2025 plans to explore how best to prioritise and support innovative and disruptive initiatives. The Government will also continue investments in the introduction and use of AI, data security and cloud-based services to deliver optimal public service.

21. The Government unveiled several strategic initiatives at the inaugural KL20 Summit 2024, aimed at strengthening Malaysia's startup ecosystem and attracting HGHV investments to establish the country as a premier global startup hub by 2030. Key

measures include the establishment of 12 international venture capital firms in Kuala Lumpur, capitalising on opportunities under the ASEAN Investment Initiative, and refining national venture capital investment programmes to bolster the growth of local startups. Budget 2025 will prioritise initiatives to strengthen the startup ecosystem and accelerate implementation of KL20 aspiration.

Global Leader in Islamic Finance

22. The Malaysia Venture Capital Roadmap 2024-2030 (MVCR), launched in April this year, emphasises the Government's commitment to advance the nation's Islamic venture capital (IVC) landscape. This strategic initiative seeks to facilitate the expansion of IVC in Malaysia by integrating equity-based partnerships (*Mudarabah*) and profit-sharing arrangements (*Musharakah*) into venture capital investments. By aligning with the Government's broader efforts to attract investors from Muslim-majority countries, this approach promotes ethical financial practices and fosters the growth of innovative startups and high-growth enterprises within a framework that upholds Islamic values and principles. This roadmap will not only strengthen Malaysia's position as a global leader in Islamic finance, but also drive sustainable economic growth through the support of high-potential ventures.

23. At the launch of the Global Forum on Islamic Economics & Finance (GFIEF) 2024, Prime Minister YAB Dato' Seri Anwar Ibrahim emphasised the necessity for value-based reforms and collaboration with multilateral organisations to attract private sector funding. In alignment with the Government's ongoing initiatives, a RM100 million commitment under the Ekonomi MADANI framework was announced to advance innovation in Islamic finance. This includes strategic partnerships aimed at greening Halal businesses to support their transition to greener and sustainable practices, as well as the implementation of "Project Hassan" to upscale zakat initiatives, with the intention of improving the socio-economic conditions of the *asnaf*. Furthermore, the Government is exploring the integration of *Maqasid al-Shariah* into economic reforms as well as the advancement of trade and waqf innovation, reinforcing a resilient socio-economic model. Towards this, Budget 2025 will support efforts by key players in Islamic Finance to strengthen Malaysia's credentials as an innovator and leader in ethical finance and sustainable development.

MSMEs as Regional Champions

24. Malaysia's Micro, Small, and Medium Enterprises (MSMEs) contribute only 38% to GDP despite making up 97.4% of businesses and providing 48% of employment. To redress this imbalance, the Government, through the Ekonomi MADANI framework, aspires to strengthen businesses of all sizes by offering comprehensive support from the start-up stage until they are export-ready. This will help MSMEs to grow sustainably and make a stronger contribution to Malaysia's economic prosperity. The Government, through Budget 2025, will formulate financing schemes, including funds under Development Financial Institutions and through co-funding and guarantee schemes in partnership with private financial institutions, to strengthen the funding ecosystem and ease access to financing at each stage of a company's growth cycle, beginning from seed to listing.

Security and Sustainability of Economy

25. Leveraging Malaysia's chairmanship of ASEAN in 2025, the Government will focus on strengthening regional collaboration in key areas such as financial technology (fintech), financial inclusion and cross-border cooperation to enhance border security and promotion of regional trade. This initiative will involve significant participation from the private sector and local entrepreneurs to showcase their products and services, highlighting Malaysia's commitment to foster innovation and economic growth. The goal of Malaysia's chairmanship is to rally ASEAN solidarity, bridge divergence and promote greater harmony, ultimately promising economic prosperity for the region.

26. To boost the country's global competitive advantage, the Government will continue to advance Environmental, Social and Governance (ESG) development programmes and has urged the private sector to join hands with the Government and non-profit organisations to collectively achieve sustainable development goals (SDGs) for the benefit of society and the environment.

27. The Government will continue to implement initiatives to provide sufficient and affordable food supply, which emphasises the cultivation of innovation, productivity enhancement and re-engineering in all aspects of the agro-food value chain. Budget 2025 looks forward to proposals from stakeholders on potential measures to minimise the impact of climate change and natural disasters affecting supply chain that may consequently help Malaysia achieve the self-sufficiency ratio (SSR) targets more swiftly.

28. To accelerate Malaysia's transition towards a greener economy, the NETR has outlined several key priorities. The Government acknowledges the importance of CCUS as a new source for economic growth and in achieving the goal of net-zero greenhouse gas emissions by 2050. The Government will continue to support energy transition efforts through legislative framework that encourages investment while safeguarding public interest.

29. National security will continue to be prioritised to safeguard peace and harmony for Malaysia. Given its importance, security-related expenditure will continue to be the third largest recipient of budgetary allocation in Budget 2025. A primary focus will be domestic security with additional allocation for security-related agencies and departments to be better equipped, in order to undertake enforcement and patrolling activities to root out crime and corruption. Strategic inter-agency cooperation will be stepped up to improve effectiveness of policing against potential threats to national security.

30. In a world characterised by heightened geopolitical tensions, national defence will be reinforced, including to enhance military preparedness, enforce against unlawful incursions into our sovereign territory and clamp down on cross-border smuggling activities. Budget 2025 will also continue to explore areas to optimise on budgetary allocations, address procurement weaknesses and promote the development of a domestic defence industry.

31. The Kongres Ekonomi Bumiputera was held this year, in line with Ekonomi MADANI's objectives to promote equality and inclusiveness of opportunities. The congress' deliberations included proposals to promote the participation of Bumiputera in new areas such as energy transition, food security and digital transformation. Budget

2025 will look to advance the implementation of initiatives mandated during the congress, including strengthening the development of Bumiputera vendors, supporting Bumiputera startups and scaling up the development of Malay reserve and waqf assets.

32. Our diverse tapestry of cultures and unique natural endowments have made Malaysia a desirable tourist destination. Therefore, Budget 2025 will outline measures to elevate our unique offering, coupled with better connectivity, to increase the spillover effect from tourism activities that will benefit local communities. In preparation for Visit Malaysia 2026, Budget 2025 will support greater facilitation of tourist arrivals, increased flight connectivity and improvements in tourism products and offerings.

33. Elevating the ceiling of economic success will not only position Malaysia as a regional economic leader, attract more foreign investments and drive overall growth. It will also indirectly contribute to the improvement in Malaysians' quality of life.

34. As our economy grows stronger and more prosperous, it generates opportunities for more high-quality jobs, better incomes and enhanced living standards across the population. However, the Government acknowledges that economic growth alone is insufficient to guarantee that the wealth will trickle down to all corners of the country. As such, the Government has taken proactive measures under the "Raise the Floor" thrust of the Ekonomi MADANI framework to ensure that the benefits of this growth reach every Malaysian, particularly the urban poor and those in rural areas.

RAISE THE FLOOR

35. The "Raise the Floor" thrust aims to improve the quality of life for all Malaysians to ensure equitable benefits and opportunities, a decent standard of living and social protection for the *rakyat*. It involves a comprehensive set of measures and targeted policies in Budget 2025 to uplift disadvantaged communities, improve access to essential services such as education and healthcare as well as create sustainable income opportunities. By addressing these fundamental challenges, the Government seeks to reduce inequality and enhance the *rakyat's* overall well-being.

Respectable Jobs and Decent Standard of Living

36. The Government will continue to intensify efforts to enhance standard of living by promoting the creation of employment opportunities with respectable jobs and decent wages, which afford all Malaysians a higher standard of living. The focus will begin with priority sectors under the NIMP 2030. The introduction of the Progressive Wage Policy is also a step forward to complement this significant task. By fostering a conducive environment for economic growth and encouraging skills development, the Ekonomi MADANI framework aims to provide Malaysians with an equitable opportunity to benefit from the nation's economic growth.

Equality and Inclusive Opportunities

37. In line with two core values of MADANI, namely Prosperity (*Kesejahteraan*) and Compassion (*Ihsan*) that underline inclusivity, the Government is determined to ensure that no one is left behind. Hence, the drafting process of Budget 2025 will incorporate inputs from various stakeholders, such as non-governmental organisations (NGOs) and civil society organisations (CSOs). It is crucial to do so in order to understand the challenges and plight faced by various segments of the *rakyat*, due to their different income, age, locality, gender, ethnicity and vulnerability levels. The Government aims to provide equal opportunity for all members of the *rakyat*, regardless of their background and status, such as the Orang Asli community, fishermen, smallholders, farmers, persons with disabilities (*Orang Kurang Upaya*; OKU) and other vulnerable groups. The Government acknowledges that there is room for improvement in providing an OKU-friendly education system and infrastructure for OKU communities. More can be done to uplift the OKU communities and enhance their participation in the economy so that they can actively contribute to nation-building. Budget 2025 aims to further empower the OKU community, particularly in terms of job and entrepreneurship opportunities.

38. Women play a pivotal role in our society as they tend to take on the primary role of caregivers in families. However, more than that, women account for the majority of new graduates in the country. To optimise on women's contributions to the economy, Ekonomi MADANI targets to raise the Female Labour Force Participation Rate (FLPR) to 60% compared to current levels of 56.2%. This is a gap that needs to be addressed through labour reform and facilitating quality and affordable childcare.

39. Towards this, the Government has advanced this agenda including through tax breaks for employers who hire women who are returning to work after a career break, providing employment matching for women who are interested to return to the workforce, and also enabling flexible work arrangements (FWA) at the workplace to better attract and retain talent in the workforce. Beyond employment, the Government will also promote the participation of women in corporate leadership and entrepreneurship. Budget 2025 will build on Ekonomi MADANI's commitment for inclusive opportunities in order to further elevate women participation and contribution into the economy and national development.

Universal Access to Quality Education and Healthcare Services

40. Education is the fundamental right of every citizen. Efforts have been made and will continue to be made to provide a conducive school environment and the best facilities including digital learning. Emphasis will be placed on basic skills such as reading, writing, counting and reasoning to ensure our children are not left behind.

41. TVET is poised to play a crucial role in Malaysia's economic development by equipping the workforce with the skills needed for the industry. Therefore, Budget 2025 will continue to promote stronger cooperation between public TVET institutions and industry players and employers in offering TVET courses to address talent shortage and provide decent incomes. This is in addition to measures to introduce lifelong learning pathways for the *rakyat* to gain new skills, whether in universities, TVET institutions or through micro-credentials.

42. The Health White Paper for Malaysia aims to improve the national healthcare system towards realising better health and well-being for the people. It outlines comprehensive structural reforms targeting the equitability, sustainability and resilience of the health system. Budget 2025 will include efforts to support health reforms, particularly in transforming primary health care to bring care closer to the community and increasingly shift the focus of the health system from treating illnesses to disease prevention. Steps will be initiated to improve the sustainability of financing the public healthcare system and to strengthen its governance.

World-Class Basic Infrastructure

43. Under Budget 2025, the Government will continue to invest in enhancing the development of basic infrastructure in both urban and rural areas, especially towards ensuring full coverage of access to basic utilities — specifically road access, potable water and electricity supply. Budget 2025 welcomes innovations, particularly those that expand the reach of basic infrastructure to remote populations in an expeditious and cost-effective manner. Allocations for rural development will be especially focused in Sabah and Sarawak, recognising the development disparities of communities in interior locations and the need to address dilapidated infrastructure such as schools and clinics.

44. The Government will continue to focus on providing stable connectivity and affordable broadband packages to enable all Malaysians to experience the full potential of digital technologies in education, economy and leisure. At the same time, the Government will also strengthen policy and enforcement focus in consultation with relevant stakeholders, particularly in areas of cybersecurity, financial scams and cyberbullying.

Social Protection for All

45. As our economy grows, the society's socio-economic needs become more complex. The Government believes that social economic activities should be led and owned by the community. Thus, Budget 2025 will see an expansion of similar programmes like SejaTi MADANI to promote community empowerment in carrying out projects that can provide additional incomes and progressively eradicate hardcore

poverty within a community. As the Government continues to provide assistance to the poor, Budget 2025 will support measures that provide sustainable solutions and opportunities to lift people out of poverty.

46. As the first step towards ensuring that no one is left behind in terms of social insurance protection, Budget 2025 will support steps to improve and expand social security coverage to include all working-age groups, including contract for service workers and gig economy workers, such as the Self Employment Social Security Scheme under PERKESO. Going forward, the Government intends to safeguard the rights and interest of all gig economy workers, with proposals for 2025 to include the establishment of the Gig Economy Commission and enactment of relevant legislation and policies.

47. The Government is committed to provide social assistance to those in need by providing targeted subsidies for necessities such as electricity and fuel. Additionally, various assistance such as STR, Sumbangan Asas Rahmah (SARA) and Bantuan Awal Persekolahan (BAP) are provided to help selected segments of the society manage the rising cost of living. Furthermore, the social protection system will also need to evolve in line with the growing ageing population's needs.

48. In essence, while raising the ceiling is essential for economic advancement and competitiveness, our primary challenge is ensuring we raise the floor. This dual focus underscores the Government's commitment to inclusive growth and prosperity for all Malaysians. These strategies will be built into Budget 2025, anchored on the MADANI values and requires an all-of-Malaysia approach to succeed. The *rakyat*, the Government, the private sector and non-profit organisations will need to work together in unity and uphold good governance, while facilitated by an agile and collaborative public delivery system.

PUBLIC SECTOR REFORM

49. As the global economic landscape evolves, public finances need to be strengthened in order to continue safeguard the well-being of the *rakyat*, support economic growth and ensure long-term fiscal sustainability. Thus, Budget 2025 will continue fiscal reform initiatives to further strengthen the Government's fiscal position towards meeting the 3% fiscal deficit and 60% debt-to-GDP ratio targets in the medium-term, as set out under the Public Finance and Fiscal Responsibility Act 2023. In addition, Budget 2025 will also include efforts to advance fiscal consolidation, enhance fiscal risk management and reduce the Government debt to more sustainable levels in the medium- and long-term.

50. Malaysia's tax revenue, at 12.6% of GDP in 2023, ranks among the lowest in ASEAN. In view of this, Budget 2025 will require measures to broaden the tax base, continuously ensure a progressive tax system, reduce tax leakages and enhance tax compliance. Budget 2025 will also initiate measures to better manage public expenditure in order to effectively and efficiently support Ekonomi MADANI aspirations.

51. The Government's resources, including the allocation of the budget, will be optimised and distributed equitably, especially to those who require them the most. This is consistent with the Government's approach of retargeting subsidies to reduce leakages, while continuing to provide assistance to those in need. The Government will continue to uphold good governance practices and instil discipline in public expenditure management, including strengthening Government procurement processes to deliver better outcomes and value for money. In line with this, the emphasis of expenditure for Budget 2025 will be more on delivering projects most needed by communities – building on the approach in 2023 and 2024 to deliver on the basics such as repairing school toilets, fixing potholes on roads and upgrading business premises (*gerai*) for micro entrepreneurs.

52. Furthermore, to restore Malaysia's status as a leading investment destination in the region, the Government will further address issues related to bureaucratic red tape and inefficiencies. It will encourage private investments to fund development of key public

infrastructure through a new Public-Private Partnership (PPP) Masterplan, where reforms will be undertaken to achieve a more effective sharing of risks and returns with the private sector towards achieving better outcomes for public services.

53. Budget 2025 will explore measures to elevate public service delivery in Malaysia by centring it around the needs of the *rakyat*, with a commitment to enhance public responsiveness and security through digitalisation. This entails identifying areas and solutions for consideration in Budget 2025 aimed at reducing bureaucratic and hierarchical barriers, decentralising service, and leveraging technologies to enhance accessibility, efficiency and effectiveness.

54. The Government steadfastly continues to intensify a whole-of-government approach, thereby transcending organisational boundaries to achieve shared objectives. By continually strengthening integrated solutions, the Government aims to better address the needs of the *rakyat* and the business community, and foster a collaborative and efficient public service delivery system.

55. As part of strengthening governance and institutions, Budget 2025 will include Parliamentary reform efforts. Proposals include providing the Dewan Rakyat a broader role in evaluating the performance of the Executive branch and the accountability of statutory bodies funded by public funds. The commitment to reintroduce the Parliamentary Services Act (PSA) reflects the MADANI Government's determination to nurture democracy and provide the Parliament with a broad space as a check-and-balance body for Government policies. The Government will continue to enact legislation to establish a comprehensive governance act, and strengthen the battle against corruption. Further efforts will focus on developing integrity instruments and expanding integrity awareness programmes across various levels of the Government and communities.

CONCLUSION

56. Guided by the Ekonomi MADANI framework, the Government has begun the task of systematically restructuring Malaysia's economic foundation in a gradual and sequential manner. This is intended to drive growth, attract quality investments and fortify

local industries with innovation and competitiveness, all of which are critical to elevate Malaysia as an economic leader in the Asian region. Concurrently, the Government will prioritise efforts to enhance the *rakyat's* well-being. This encompasses providing social protection for all layers of the society, employment with meaningful wages and measures and policies to facilitate an equitable sharing of the nation's wealth. Notwithstanding the various prevailing challenges on the internal and external fronts, the Government is optimistic that Budget 2025 will take Malaysia one step closer to realising Ekonomi MADANI's vision, anchored by a whole-of-Malaysia approach.

57. The Government is scheduled to table Budget 2025 to the Parliament on 18 October 2024. The MoF will be coordinating extensive public and stakeholder engagements to secure inputs, in line with the above-mentioned priorities in Ekonomi MADANI. The Government is committed to translate the inputs received from these engagements into Budget 2025, especially those that directly support the advancement of economy, well-being of the *rakyat* and better governance. Comments, feedback, and proposals on Budget 2025 can be channelled through the Belanjawan 2025 portal at <https://belanjawan.mof.gov.my>.