

The background of the entire image is a photograph of a tall, modern building with a distinctive grid-like facade of rectangular windows. The building is illuminated from within, and its right side is highlighted by a warm, golden light. The sky is a deep blue with some light clouds. In the bottom left, some palm trees and flags are visible.

#REFSA101

HOW TO READ THE BUDGET (AND ASK THE RIGHT QUESTIONS)

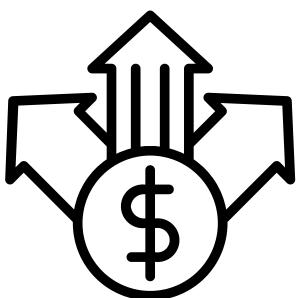
► DEBUNKING BUDGET MYTHS

The Budget as a resource can understandably be confusing. Before we get into it, here are some simple misconceptions that should be dispelled:



Myth #1 – The yearly budget is like a household budget

Truth: Not exactly. Although a government budget entails making choices, the **government can always borrow or even raise taxes if it needs more revenue.**



Myth #2 – The bigger the budget, the better

Truth: This depends on **how the budget is allocated.** Bigger numbers may indicate higher taxes or higher government borrowings.

► DEBUNKING BUDGET MYTHS



Myth #3 – Taxes and subsidies aren't productive

Truth: As with all things, this depends on its implementation.

On **taxes**, not only does Malaysia's tax base remain narrow, but taxpayers also have little faith in the government using their money appropriately. Hence, **greater transparency and accountability** is necessary from the government when it comes to taxes.

As for **subsidies**, most of our current subsidy policies benefit the rich more than the poor, for example, cheap petrol benefits the rich, who are more likely to have a higher fuel consumption than the poor. To combat this, targeted subsidies need to **consider the specific needs of different groups** and whether these subsidies will be **productively used**.

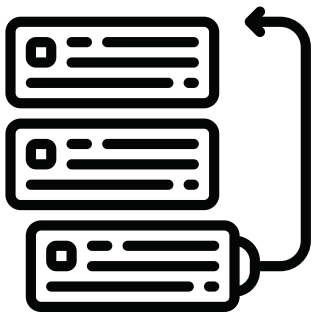
▶ ASKING THE RIGHT QUESTIONS

Before analysing the budget, it is important to **identify aspects you're focusing on**. This will help guide the questions you ask. A few key areas you can look at include:



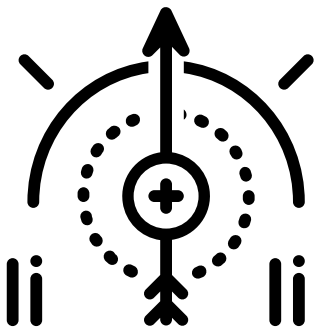
#1 Accountability

i.e. Were last year's budget amounts adhered to?



#2 Priority

i.e. How and where should the money be spent?

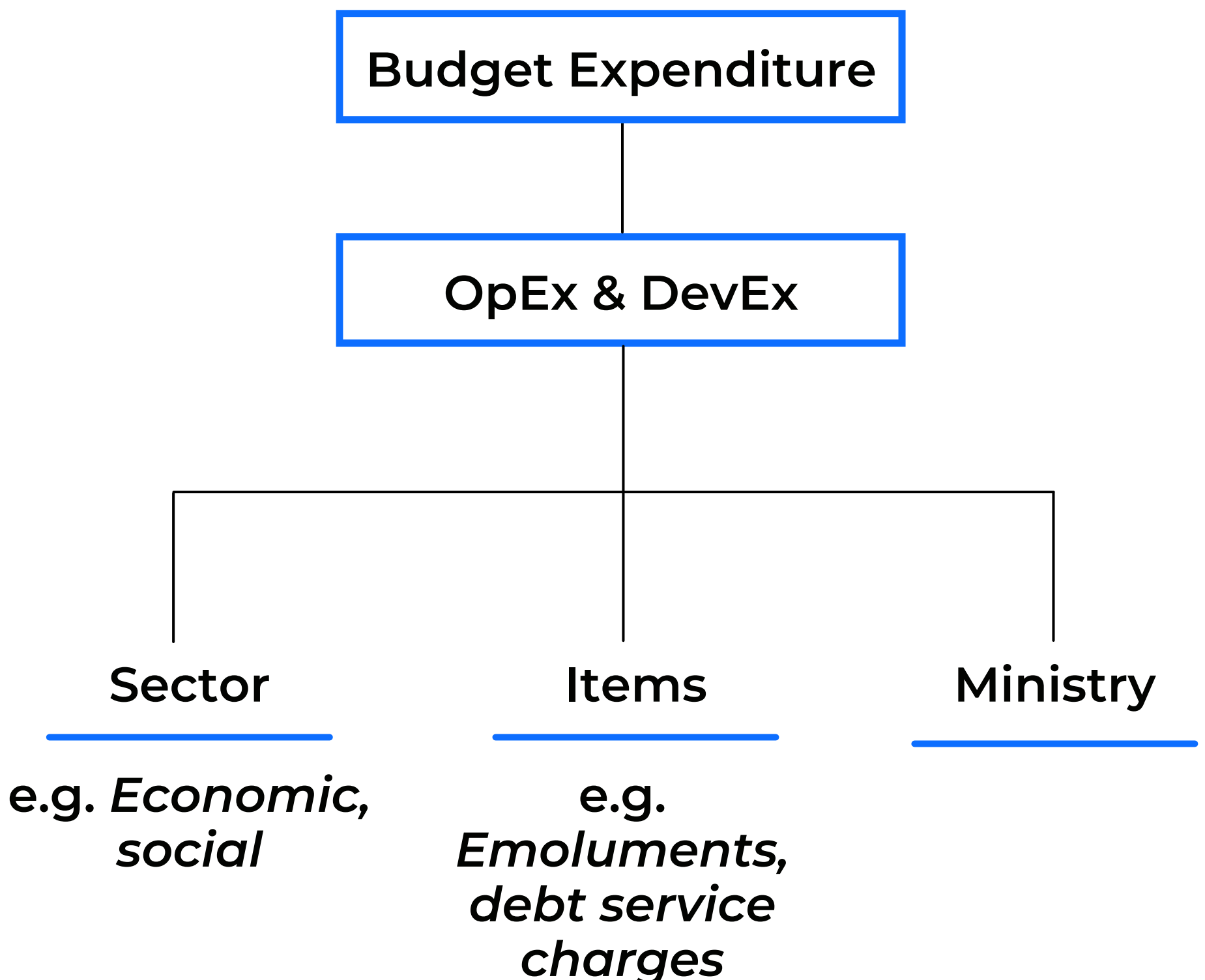


#3 Efficacy

i.e. Have previous incomes been effectively allocated and spent?

► IDENTIFYING KEY BUDGET COMPONENTS

In the Budget documents, operational and development expenditures are typically segmented to three components, namely sector, items, and ministry.



► **WHERE TO FIND THE BUDGET DOCUMENTS?**

Past budget documents are made available at mof.gov.my/arkib. The website provides the following documents for public perusal:

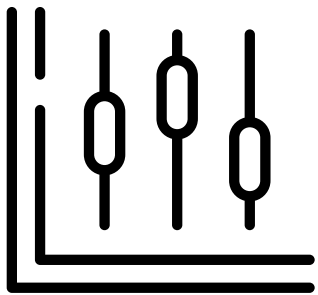
1. The Economic Report
2. The Estimate on Federal Government Revenue
3. The Estimate on Federal Government Expenditure

Information such as the Financial Statements of the Federal Government are only made available two years after the corresponding report (i.e. the financial statements for 2021 would only be made available in 2023), where the finalised breakdown of the budget and its spendings can be found.

For more information on the documents mentioned above, refer to our previous [#REFSA101](#) post: [What is the Budget?](#)

► **WHAT SHOULD YOU LOOK FOR?**

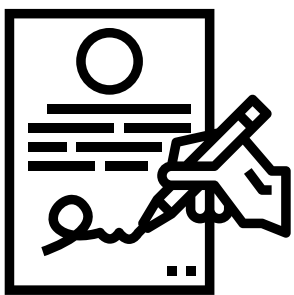
Most budget documents present detailed information of various allocations and items. It can be confusing at first, but as a rule of thumb, you should keep an eye on the following items:



If there are any steep changes between the year-on-year figures



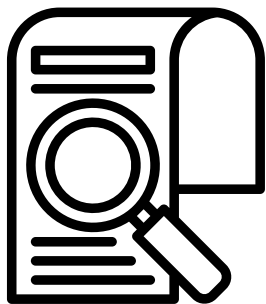
Changes in allocation amounts of over RM500mil should have a proper justification



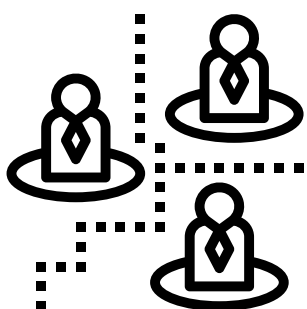
Contracts awarded to various companies

Sometimes a lack of information can also be telling, such as a lack of breakdowns in DEVEX amounts. Is this indicative of a wider issue of transparency within budgetary documents?

▶ **WHAT CAN YOU DO WITH THIS INFORMATION?**



To kickstart your research into other governmental and budgetary documents, such as the Auditor General reports, Annual Reports for Statutory Bodies, etc.



To check on different areas of government policy - what areas are being/should be more prioritised



To check on the financial health of the government

▶ **WHAT DO YOU THINK?**

Does the accessible budget information answer your questions? What do you think can be improved on? What else is missing?

Don't miss our upcoming post on how to use this information to make your own budget wishlist!

▶ **REFERENCES**

How the Government is Spending our Money by Teh Chi-Chang

Note: the #REFSA101 series is meant to kickstart your own understanding of the Malaysian Federal Budget and not to be used as a definitive resource. Do peruse the sources below as well as your own independent research if you'd like to know more!