



JOINT STATEMENT • 3 MARCH 2023

### **Budget 2024 Must be More Strategic for Malaysia's Health**

The Malaysian Health Coalition (MHC) welcomes the higher allocation to the Ministry of Health (MOH) and the introduction of the Government Procurement Act, announced by Prime Minister Anwar Ibrahim on 24 February for Budget 2023. We call for strong implementation of all MOH projects and for good governance in all spending.

The MHC further recommends three strategies for Budget 2024 and beyond:

#### **1. Truly Focus on Preventive Care, Not Just Rhetoric**

While Budget 2023 increases the tax relief for medical expenses, there is still a strong focus on curative healthcare expenses (rather than preventive expenses). For example, medical expenses for curative services like “serious diseases” has a RM8000 income tax relief cap, but preventive services like “vaccinations” are capped at only RM1000. Budget 2024 should gradually increase the tax relief cap for preventive healthcare services, perhaps with a scheduled increase like “*increase cap by RM1000 per year every year between 2024-2029*”. Public health should receive similar scheduled increases; we note with disappointment that disease control and health education receive less funding in 2023 compared to 2022.

#### **2. Allocate Funds for Structural Reforms, not just for OPEX or CAPEX**

We understand that the RM36.3 billion MOH allocation is what Malaysia can afford right now, given our low fiscal ceiling, low tax-to-GDP ratio and high government debts. However, we call for deep structural reforms in our health system, which requires financial and non-financial resources. In other words, we must provide enough funds for the strategies envisioned by the Health White Paper scheduled to be tabled in Parliament in June 2023. A Health Reforms Commission, if passed by Parliament, must receive adequate funds to operate and to be successful, especially to address three structural issues: sustainable financing, human capital and organization of service delivery.

#### **3. Use Sin Taxes Carefully**

We laud the announcement that 50% of taxes collected from vaping products will be allocated to the MOH. This brings Malaysia into a club of approximately 35 countries who “ earmark” sin taxes from tobacco to allocate to healthcare. We call for a firm decision on vaping products in Malaysia, and we favor its outright ban and we support the Generational End Game. More importantly, we ask that Malaysia uses sin taxes carefully, because we need answers to questions like “Are the earmarked taxes from vaping *on top of* the RM36.3 billion, or *part of* the RM36.3 billion? What if the earmarked taxes reduce in the future, but MOH has to continue funding multi-year anti-tobacco projects?”.

Budgets are an important part of a democracy. We should focus on the structure and strategy of a Budget, not just focus on the year-on-year increase or decrease in each line item of every Budget. Therefore, we urge the government to consider the above three strategies for Budget 2024, alongside a focus on strong implementation and good governance.

**BERKHIDMAT UNTUK NEGARA.**

**Malaysian Health Coalition** (Full Signature List on [myhealthcoalition.org](https://myhealthcoalition.org))

3 MARCH 2023