KEMENTERIAN PERDAGANGAN DALAM NEGERI
DAN KOS SARA HIDUP

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Tarikh: **8 Disember 2025**

UNIT KOMUNIKASI KORPORAT

KEMENTERIAN PERDAGANGAN DALAM NEGERI
DAN KOS SARA HIDUP

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UNIT KOMUNIKASI KORPORAT

ALL BUSINESS DAILY
The Malaysian Reserve

HARI: ISNIN
TARIKH: 8/12/2025
M/SURAT: 3

Madani Govt's fiscal push outpaces institutional reform

• FROM PAGE 1

Blanket diesel subsidies in Peninsular Malaysia were removed from June 2024 and replaced by the Budi Madani programme, combining cash transfers for eligible households and smallholders with fleet cards for logistics operators.

Official figures point to monthly savings of around RM400 million from diesel rationalisation alone, or roughly RM5 billion a year, with part of that redirected to social assistance and development.

RON95 petrol, the largest single subsidy item, was restructured in 2025 into a citizen-only price of RM1.99 per litre with a monthly cap of 300 litres per driver, while foreigners pay a higher market-linked rate.

Projected savings from petrol rationalisation have since been revised down from RM8 billion to around RM2.5 billion to RM4 billion a year after calibration and caps.

Electricity tariffs have also been tweaked, with higher rates for heavy users, while Sales and Service Tax (SST) has been expanded to cover more goods and services.

RDS Advocates & Solicitors partner and SST & Customs head Saravana Kumar said the Madani administration's record on fiscal law and tax governance is "generally positive", with genuine structural shifts away from blanket fuel subsidies towards targeted support, but stressed that many reforms remain partial or in transition.

He told *The Malaysian Reserve (TMR)* that the move to targeted fuel subsidies for diesel and petrol marks a significant structural departure from previous subsidy regimes, particularly with the introduction of the Budi Madani RON95 programme (Budi95) in late 2025.

Under Budi95, subsidised RON95 petrol at RM1.99 per litre is restricted to Malaysians with v alid driving licences, while foreigners pay an unsubsidised rate, a design Saravana said is clearly aimed at cutting leakages to non-citizens and commercial users.

He noted that diesel subsidy rationalisation since June 2024 has already yielded savings of about RM400 million a month, with Budget 2026 documents showing the money being redirected to social aid, infrastructure and modernising tax administration through tools such as e-invoicing, digital tax stamps and updated stamp duty procedures.

Saravana said this fits into a wider fiscal-discipline push that "appears to be gaining traction", but stressed that the targeted RON95 scheme faced several delays and now depends heavily on licence checks, quotas and digital systems, which reflect political sensitivity and carry implementation risks.

"These mechanisms can improve targeting, but they also depend on bureaucratic capacity and introduce implementation risks," he said, adding that the tax base remains structurally narrow.

Saravana cautioned that Malaysia's revenue mix may remain skewed towards consumption and other indirect taxes.

He described targeted subsidies and bigger social aid as conceptually more progressive than blanket subsidies, but whether they lead to a truly progressive and sustainable system remains unresolved until the measures mature and deeper reforms follow.

Rahmah Ecosystem, Social Safety Nets

To cushion the political and social impact of subsidy rationalisation, the Madani Government has expanded its cash and in-kind assistance programmes under what it calls the "Rahmah" ecosystem.

Sumbangan Tunai Rahmah (STR), the government's main multi-phase cash assistance programme for lower- and middle-income households and senior citizens, is projected to total RM15 billion in 2025, up from RM13 billion previously.

Sumbangan Asas Rahmah (Sara), which is channelled via MyKad through the MyKasih system to help household purchase essential items, has been expanded nationwide, including to Sabah and Sarawak. The value of support per eligible household will increase to as much as RM2,100 in 2025, compared to RM1,200 last year.

The government has also introduced a one-off RM100 "Sara Untuk Semua" cash handout for all Malaysians aged 18 and above as an additional cost-of-living measure for the year.

Together, these policies signals a shift away from blanket subsidies on fuel and electricity towards targeted assistance that can, in theory, be adjusted on household income, family size and location.

Sunway University economics professor Dr Yeah Kim Leng said the government has so far managed to strike a fine balance between fiscal consolidation and sustaining growth, despite a challenging external environment.

He noted that GDP grew 4.7% year-on-year (YoY) in the first three quarters of 2025, with unemployment falling to 3%, inflation remaining below 2% and the fiscal deficit on track to narrow from 4.1% to 3.8% in 2025 and 3.5% in 2026.

Yeah viewed the gradual pace of subsidy rationalisation, combined with the expanded STR and Sara programme, as cushioning low-income households while redirecting savings towards more productive spending.

He warned that delaying further subsidy reforms could increase fiscal risks, but moving too quickly could trigger inflation and social backlash.

He called for broader revenue measures, a more comprehensive consumption tax and stronger social protection in health and retirement income.

Source: Media Mulia

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Pic courtesy of Saravana

Targeted subsidies and bigger social aid are conceptually more progressive than blanket subsidies, says Saravana

Pic courtesy of Pushpan Murugiah

According to Pushpan, govt's anti-corruption reform performance has been lacklustre for the most part

Pic courtesy of Raymond Ram

Malaysia's unchanged CPI score of 50 shows that reforms have not changed perceptions of corruption risk, Raymond says

Meanwhile, institutional reforms have lagged behind fiscal and social changes, with four core bills — on the ombudsman, freedom of information, political financing and the AG-Public Prosecutor split — still under consultation.

Anwar has said these will be tabled next year, arguing that complex reforms must be carefully sequenced. While Bersih acknowledged earlier steps, it said the main promises since 2022 remain unfulfilled.

The government has also launched the National Anti-Corruption Strategy 2024-2028, but debate continues over how deep and fast these changes will be implemented.

Malaysia's Corruption Perceptions Index score has inched back to around 50, yet civil society groups say this masks unresolved concerns over the Malaysian Anti-Corruption Commission's (MACC) independence, weak asset declaration rules and recurring controversies that fuel perceptions of selective enforcement and political patronage.

Trust Deficit Persists

The Madani Government's anti-corruption reform agenda has so far fallen short of its reformist image, as delayed institutional reforms and new governance scandals have weakened public confidence.

Centre to Combat Corruption and Cronyism (C4) CEO Pushpan Murugiah said the administration's reform performance has been largely underwhelming, stating that several core institutional changes remain unrealised despite nearly four years in power.

"To be frank, the government's anti-corruption reform performance has been lacklustre for the most part, with serious scandals undermining the government's reform promises," he told *TMR*.

The delay in implementing long-promised reforms raises questions about the administration's commitment to meaningful structural change.

He, however, acknowledged progress in the amendment of the Whistleblower Protection Act 2010, particularly the removal of provisions that previously disqualified whistleblowers if disclosures breached existing laws, yet cautioned that the reforms remain incomplete.

Pushpan highlighted concerns that disclosure channels remain limited to enforcement agencies and that adequate support mechanisms for whistleblowers have yet to be guaranteed.

C4 was also critical of the recently passed Government Procurement Act, warning that it may create more risks than safeguards.

He pointed to broad discretionary powers vested in the finance minister, weak checks and balances, limited transparency provisions and the lack of public consultation in the passage of the bill.

On enforcement, C4 said there has been little evidence that the Madani administration has strengthened the independence of the MACC, despite higher public visibility of raids and investigations.

Pushpan saw resistance from MACC leadership to reforms such as placing the agency under parliamentary oversight and empowering an independent ombudsman, while the National Anti-Corruption Strategy 2024-2028 offers only vague commitments on MACC governance.

"The fact remains that although the government is intent on projecting a zero-tolerance attitude towards corruption, systemic and institutional changes to systems of governance over enforcement agencies have been absent," he said.

He then warned that unresolved concerns over selective prosecution and prosecutorial independence continue to undermine reform credibility, particularly as the AG retains dual roles as legal advisor and public prosecutor under the current constitutional framework.

This arrangement perpetuates perceptions of political influence and weakens public trust in high-profile corruption cases.

Similarly, Transparency International Malaysia's (TI-M) president Raymond Ram said the government's overall performance on governance and anti-corruption was close to a passing mark, but not quite.

He pointed to Malaysia's unchanged CPI score of 50 as evidence that reform efforts have not altered corruption risk perceptions.

"The administration has demonstrated a clear commitment in rhetoric, and it has delivered a few positive reforms. However, the overall structural impact remains limited and uneven at this stage," he told *TMR*.

While TI-M welcomed measures such as stronger whistleblower protections and fiscal governance laws, it cautioned that announcements alone do not rebuild confidence if enforcement outcomes remain inconsistent.

Raymond said the conclusion of several high-profile cases and continued governance controversies have reinforced public scepticism over whether accountability is applied without political interference.

"Public trust has not meaningfully improved. If anything, it remains fragile, uneven, and in some respects under renewed strain," he added.

TI-M also warned that subsidy cuts and targeted aid can create new corruption risks if transpa- rency, data quality and oversight stay weak.

It said reforms will only rebuild trust when enforcement is clearly firm, impartial and consistent.

Human rights group Suara Rakyat Malaysia (Suaram) ED Azura Nasron said the Madani Government shows "a clear gap between reformist rhetoric and enforcement on the ground" on freedom of expression, assembly and policing of protest.

She cited the case of student activist Fadhil Kasim, charged in Sabah over the Gempur Rasuah protest despite a federal moratorium on key Peaceful Assembly Act provisions, with charges only withdrawn after public backlash.

On freedom of speech, Suaram pointed to continued use of the Sedition Act, Section 233 of the Communications and Multimedia Act and censorship of content deemed sensitive, alongside a more control-oriented digital regime built around online harms.

Azura noted that new tools such as the CMA Amendment Act 2025, which amended the Communications and Multimedia Act 1998 (CMA 1998), proposed social media licensing and legal action against platforms and critics make the framework more sophisticated but still signal that criticism of state institutions and leaders carries real personal risk.

She said three urgent steps are to repeal the Sedition Act and Section 233 of the Communications and Multimedia Act, which she sees as vague, overbroad laws that criminalise speech and shield powerful institutions from scrutiny.

Suaram also calls for rights-based policing of assemblies to be embedded through mandatory police training and practice, aiming to close the gap between the Peaceful Assembly Act's facilitative intent and its enforcement on the ground.

Mid-term Verdict, not Final Grade

After nearly three years, the Madani Government has achieved tighter fiscal rules, targeted subsidies, increased cash aid and some improvement in corruption scores and parliamentary oversight.

However, Bersih's D grade and ongoing criticism from rights and anti-corruption groups show a gap between promises and reality. The next two years will test whether the government is willing to push for deeper institutional reforms while dealing with cost-of-living pressures.

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Madani Govt's fiscal push outpaces institutional reform

It would aim for an 'A' by the end of its term as there is still time to deliver on institutional reform pledges, says PM

MRgraphic

by SHAUQI WAHAB & AKMAR ANNUAR

MALAYSIA'S Madani Government is approaching its mid-term mark with a mixed reform record, pitting aggressive subsidy restructuring and expanded cash aid against slower progress on institutional and rights-based change.

On one side of the ledger, Putrajaya has pushed through a series of fiscal measures, from targeted diesel subsidies to a wider tax base, underpinned by the Public Finance and Fiscal Responsibility Act that aims to anchor deficit and debt targets.

On the other, civil society groups such as Coalition for Clean and Fair Elections (Bersih), Amnesty International Malaysia and anti-corruption advocates argue that key governance and human rights reforms remain stuck in consultation or have yet to materialise in law, even as older repressive legislation continues to be used.

Bersih's 'D' and Govt's Own Narrative

Electoral watchdog, Bersih, gave Anwar Ibrahim's administration a "D" in its mid-term report card, scoring the Unity Government at below half of its 68 reform indicators and citing limited progress on structural changes such as political financing, term limits and repeal of repressive laws.

The group's recommendations include a political financing act, a fixed-term Parliament, a 10-year term limit for the prime minister (PM), separation of the roles of Attorney General and Public Prosecutor, and equal constituency development funding for all MPs regardless of party.

PM Datuk Seri Anwar Ibrahim responded in Parliament by saying it was acceptable to receive a D "as long as it is not an F", adding that the government would aim for an A by the end of its term and stressing that there is still time to deliver on institutional reform pledges.

Fiscal Discipline, Subsidy Rationalisation

The clearest area of movement has been on subsidies and fiscal rules, where the government has framed reforms as necessary to narrow the budget deficit and put debt on a more sustainable path.

The fiscal responsibility law creates a medium-term framework, while recent budgets lay out a staged plan to move away from broad-based subsidies towards more targeted support.

SEE PAGE 3

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BERITA ONLINE BERTARIKH 8 DISEMBER 2025			
TARIKH	**TAJUK**	**PAUTAN**	**MEDIA**
8-Dec	Program Rancakkan MADANI: Lapan reruai pameran, jualan jadi tarikan pengunjung	https://www.tvsarawak.my/2025/12/05/program-rancakkan-madani-lapan-reruai-pameran-jualan-jadi-tarikan-pengunjung/	TV SARAWAK
8-Dec	Ribuan pengunjung meriahkan hari pertama Program Rancakkan MADANI	https://www.tvsarawak.my/2025/12/05/ribuan-pengunjung-meriahkan-hari-pertama-program-rancakkan	TV SARAWAK
8-Dec	Program Rancakkan MADANI Bakal Penuh Kejutan, Putrajaya Jadi Tumpuan Rakyat	https://malaysiabangkit.com/program-rancakkan-madani-bakal-penuh-kejutan-putrajaya-jadi-tumpuan-rakyat/	MALAYSIA BANGKIT

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