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Rafizi: Govt to focus on targeted subsidies, wage growth instead of EPF withdrawals



Rafizi said withdrawals from EPF savings are not on the table as the long-term cost it would have on retirement savings would be high. - NSTP/MOHAMAD SHAHRIL BADRI SAALI

KUALA LUMPUR: Economy Minister Rafizi Ramli today reiterated the government's stance that it is not considering another one-off withdrawal of Employees Provident Fund (EPF) savings.

He said the government will instead help the people deal with the rising cost of living by instituting targeted subsidies and wage growth.

He said withdrawals from EPF savings are not on the table as the long-term cost it would have on retirement savings would be high.

"We can take the easy road, which had taken place in the past. However, with our ageing population, it is the government's responsibility to ensure that the people have savings," he said at a press conference after officiating a strategic dialogue at the Malaysia International Trade and Exhibition Centre (MITEC) today.

Prime Minister Datuk Seri Anwar Ibrahim had yesterday said the government was in the midst of finding ways to reduce people's financial burden without them having to withdraw their EPF savings.

He said this was because the people had already been allowed to make several EPF withdrawals before, which had led the amount of their retirement savings to decline.

Rafizi, meanwhile, was asked on what the government was considering as alternatives.

He said while he was unable to answer it at the moment, the government plans to institute targeted subsidies which would help the more vulnerable groups.

He said the process to undertake the decision is ongoing.

"This will take time as it could be one of the largest economic decisions of a generation.

"It is a huge task. In principle, we want to ensure that the eligibility goes beyond the B40 and M40 groups. In order to do that, we must first determine the number of households as well as their incomes," he said.

Rafizi said previous government administrations did not attempt to implement targeted subsidies as it was a monumental challenge.

He however believed that the current government will take on the challenge, albeit in stages.

He said the subsidising of cost of goods has to also be accompanied by balanced wage growth.

The Economic Planning Unit (EPU), he said, had already identified wage growth as among the focuses of the mid-term review for the 12th Malaysia Plan (12MP).

He said it was important to ensure that Malaysia does not hit high-income status while inequality was still significant.