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Reforms essential to make economy more nimble, says Rafizi



Economy minister Rafizi Ramli said new initiatives have been launched to reinvigorate the labour market and thereby reduce costs.

PETALING JAYA: Structural reforms that will make the Malaysian economy more agile, creative and innovative are on the cards.

Economy minister Rafizi Ramli said these reforms, to be enabled under three initiatives now being undertaken by his ministry, would push the Malaysian economy to become more open to going digital.

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“This is imperative if we want to reduce costs and reinvigorate the labour market,” he told the HSBC Asian Business Forum here today.

There are three large-scale initiatives that will drive the transformation, namely the Inisiatif Pendapatan Rakyat (IPR), Academy in Factory (AiF) and Pemudah.

Under the IPR, the government will allocate RM750 million to build infrastructure for the poorest in society to enable them to get jobs that not only raise their income but also sustain it.

Under the AiF, a profile on unemployed and under-employed individuals will be built to single out those most likely to excel in manufacturing jobs. They will then be taught digital and technological skills to enable them to fill the talent gap in factories.

The Pemudah is a special task force designed to facilitate business. Rafizi said he will serve as co-chair of the task force along with chief secretary to the government Zuki Ali.

He expressed hope that the public and business sectors would begin to see tangible evidence of the government's commitment to digital and technological adoption in the coming months. He urged the business community to come forward to collaborate with the government to deliver such change.

"We want to hear from you, who knows better and knows best, the practical solutions and limits from the ground. My door is always open," he said.

The minister also laid out the importance of a shift in mindset of Cabinet members, adding that they should see themselves more as "general managers" with the capacity to lead change in their departments and not personalities trying to imprint their image on their respective ministries.

He said this would ensure the country built a good plan based on sound and robust economic and policy framework. "This will ensure that while ministers come and go, the work continues based on the framework," he said.

On the issue of the potential re-introduction of the goods and services tax (GST), Rafizi said it was critical that the economy reached a baseline income level before it can be considered.

"In many high income countries, when governments pivot from a pure income tax system to income tax and GST, they usually lower income tax and switch to GST because the purpose of switching is not to collect extra revenue but to collect it in an easier manner," he explained.

"In Malaysia, many workers are not in the tax paying brackets, so if we were to implement GST, people who did not pay any tax will suddenly now have to pay tax," he said.

The minister also highlighted the need for closer monitoring of state projects to minimise the debt underwritten by the government down the line.

“Many of these projects that are funded by the government were launched three or four years ago but are not completed yet. As a result, costs go up and we have to allocate more funds,” he said.

Rafizi said if the government’s debt obligation can be minimised, it could ensure that there is no need for new taxes such as the GST.

“Regulated project execution will ultimately help raise government revenue,” he added.