

KERATAN AKHBAR

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Rafizi: Govt will fix structural, public finance issues



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PETALING JAYA: The government will focus on fixing structural issues in the local economy without neglecting the needs of the public.

Economy Minister Rafizi Ramli said the stagnation in wages in Malaysia is owing to the structure of the country's economy but time is required to work on an optimal structure for the economy.

He added the government in the past few months was mainly focused on meeting the demands or needs of the public.

“Therefore, when we focus on fixing the core structural issues of the economy and the public finances, which will take a long time, we can manage the public pressure,” Rafizi explained during Invest Malaysia 2023.

Rafizi opined that, for the public, economic performance is represented by two things, one being how much they pay for a meal, or in other words the cost of living, and the other being their wages.

With time being a constraint, Rafizi said the current government will most probably stick to previous frameworks that were curated by the previous governments.

“We already have a lot of frameworks and blueprints and I do not intend to add new blueprints,” he uttered.

Instead, he said the administration will focus on demonstrating and achieving goals of previous frameworks in order to convince not just the whole nation, but also international partners as well as investors.

“I think that is the pathway in the coming years, rather than coming up with big announcements or plans, but fall short on the deliveries,” he noted.

“Focusing on what matters the most to the economy and the public is important as we strive to strike the right balance between growing and making sure it is as inclusive as possible,” Rafizi added.

However, the minister said he will not progress entirely on the number of goals and targets that have been achieved, but will be focus on the deep macro and fiscal targets.

“The main challenge now is, for example, fiscal consolidation that we are targeting at a 3.2% deficit by 2025,” he said.

He added the next policy framework is the mid-term review of the 12th Malaysia Plan (12MP). Rafizi quipped that the new government will start working on 13MP next year.

On the government’s development expenditure (devex), Rafizi is confident the country will be able to deliver RM400bil devex up to 2025, as planned under the 12MP, and he wants to ensure the monies are utilised genuinely.

According to him, previously only 50% of the devex was utilised for infrastructures, while the rest was used for other purposes such as debt repayments.

Rafizi said the government will also focus on energy transition and digitalisation. In the case of energy transition, he wants Malaysia to gradually reduce the dependence on gas as the main source of energy, especially for power generation.

With soaring gas prices, Rafizi believes it will be a better decision to sell and export gas to other countries, to maximise returns to the country, rather than consuming it locally at

a subsidised rate. On that note, he said the government plans to stop giving subsidies to industries that will not have an economic impact and advise them on structural reform.

“For instance, for industries that depend on gas, rather than subsidising gas for them, we would encourage them to switch their reliance from this source of energy to biomass,” he added. Rafizi believes direct subsidies did not help in addressing the challenges faced by businesses as such assistance should only serve as a temporary solution.