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Major economic policy shifts in store in Budget 2024



Rafizi (centre), Low (fifth from left) and other ACCCIM working committee members at the 17th World Chinese Entrepreneurs Convention.

SEPANG: Budget 2024 will see major economic policy shifts to help restructure the economy towards a more sustainable future, says Economy Minister Rafizi Ramli.

He said time is of the essence, given that the government is in a meaningful position now to enact better policies, noting that there is no time to waste when trying to do this.

“I believe 2024 will be the year of change for the economy. This is the right time to start implementing the policies we have talked about.

“Hopefully in 2025 we can see the changes being felt in terms of the fiscal side and also down to the people’s pockets and households,” Rafizi said.

He was speaking at the 17th World Chinese Entrepreneurs Convention organised by the The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM).

He noted that the previous elected governments had settled into their comfort zone in the early part of their term and usually waited until it is too late to announce such changes that is needed for the economy.

Rafizi hoped that this trend will not be repeated by the current government.

“The budget is managed by the Finance Ministry while we (Economy Ministry) look after the macro policy and the development budget.

“Whatever major policy shifts will no longer be a dialogue but some of it will be crystallised in Budget 2024.

“This includes specifics about how much money will be allocated for each of such initiatives,” he said.

On the mooted progressive wage model, Rafizi said it was necessary for the government to intervene, as the current wages are not sustainable, especially for the younger generation of employees.

“The question is how do we intervene. Compared to my generation, whose workers can look forward to something while they are employed, the younger generation are living from hand to mouth and this is why they’re angry (at the system).

“In my generation back then, we could look forward to buying a car and then a house after being employed for three years or so,” Rafizi said.

“I know of employers who are worried of the progressive wage model but I hope you understand I was an employer too.

“In the model we are mooting, we want to create a competitive wage environment – with the aim of employers that are giving the best wages being able to secure the best talents in the market.

“Employees must also understand that having good wages will mean needing to upskill,” he added.

Rafizi also said the model the country is looking to follow is similar to what Singapore had done in the 1970s.

It will cover all industries and jobs but will be specific to Malaysian companies of a certain size and mostly excluding the multinational companies (MNCs), he added.

“Most of the time, low wages are not applicable to MNCs or bigger international firms that pay quite well. It is the Malaysian companies that are hogging down the salary scales. So there will be classification of eligibility of companies,” he said.

He said with these progressive wage plans, Malaysian employees can look forward to a more competitive labour market and he expects it to push wage levels higher within two to three years.

At the same event, ACCCIM president Tan Sri Low Kian Chuan acknowledged that the Special Task Force to Facilitate Business (Pemudah) is an effective platform to ease regulatory constraints as well as the cost of doing business in Malaysia.

“Without a doubt, the government’s policies and regulations play a crucial role in shaping the overall business and investment ecosystem.

“Businesses and investors want a system of government that functions efficiently as well as the provision of quality public delivery services, without choking off enterprise and enables private sector to flourish.

“Hence, we must also double down on our efforts to innovate, restructure and tech up business models,” Low said in his opening speech.

“Forming a cordial and clean relationship between the federal government, state, local authorities and businesses through engagements and consultations is of a great significance to advancing shared economic prosperity.

“The 3 Cs – clarity, consistency and certainty – are important for businesses,” he added.

On the labour market, Low said the country’s workforce must be future-proofed and have a fair wage compensation – one that matches performance and productivity improvement.

“Deepening hard and soft skills, widening skill sets and remaining agile to seize the opportunities are necessary improvements,” he said.