

Rafizi: Prudent financial management in 2023 can restore business, investor sentiments

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KUALA LUMPUR: A better financial management in 2023 will be able to restore business and investor sentiments in Malaysia and its impact will be felt by the people in about one year, said Economy Minister Rafizi Ramli.

He said an improved financial management would strengthen the nation's fiscal space.

"When it (financial management) is carried out more prudently, insyaAllah, in 2024 we will have more room to spend," he said in an interview on the Ayuh Malaysia Show themed "Malaysian Economy: Between Perception and Reality" on Friday.

He said Malaysia's economic standing was seen as more resilient compared with its fiscal position.

"However, the people's wellbeing and government's capability are not placed on the economic growth solely, if looked at from different angles," he said.

Apart from that, he said what determined the cash flow position was the amount of tax collected and types of income that flowed into government coffers.

"The economy grows but not all translate into revenue for the government as the biggest component is income tax whether from individuals or companies. If the economy expands but individual income does not rise and companies are not profitable, then there's no increase in tax (collection) for the government," he said.

Rafizi added that compared with other Asean countries, Malaysia was placed at No. 3 from the bottom in terms of the percentage of income tax to the government compared with the size of the economy at 11.4 per cent, against Asean average of 15 per cent, while for advanced countries, the percentage was higher at 25 to 30 per cent.

"This is one of the structural problems and it is the responsibility of the government to find ways to address and ensure that the growth in salary can match the increase in the prices of goods."

Nevertheless, he said if the country's finances could be managed well by reducing leakages and corruption, then the country would not be in a desperate situation.

"This means, with revenue that we have of, more or less, RM290 billion each year, if this is managed properly and expenditure is managed well by prioritising spending, we can sustain."

Prime Minister Datuk Seri Anwar Ibrahim, who is also finance minister, will table the revised 2023 Budget in the Dewan Rakyat on Feb 24. – BERNAMA