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### Longer-term fiscal management needed to ensure nation's future resilience – MoF

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**KUALA LUMPUR, Nov 1** – Despite the immediate short-term priority on recovery from the effects of COVID-19 pandemic, a longer-term perspective on sustainable fiscal management is required to ensure the future resilience of the nation, Treasury secretary-general Datuk Asri Hamidon said.

He said the Ministry of Finance's (MoF) commitment towards a more sustainable fiscal management is demonstrated by Budget 2022 which included several tax measures to raise revenues such as the one-off Cukai Makmur (prosperity tax) and also increasing taxes such as on transaction of listed shares.

"Better fiscal management includes undertaking a comprehensive public expenditure review, including rationalising subsidies, especially to ensure that it is better targeted towards those in need," he said in his opening speech at the Malaysian Economic Association 2022 Post-Budget Debate webinar today.

Thus, Asri said the MoF plans to table the Fiscal Responsibility Act in the Parliament in 2022, in line with its aim to remain committed towards sustainable fiscal management in the medium term.

He said one area of reform for the economy spearheaded by the MoF is with respect to government-linked investment companies (GLIC) and (GLC) reform.

“Especially in this recovery mode, we need our GLCs to demonstrate leadership in driving private sector investments. Hence, the commitment between GLCs of over RM30 billion investments including Khazanah’s RM6 billion Dana Impak which will target new and strategic growth areas.

“At the same time, reform needs to be undertaken to ensure GLCs do not crowd out private sector but in fact, crowd in through support of local vendor development,” he said.

In terms of ensuring the people’s wellbeing, Asri said the immediate focus is on recovery centres on job recovery where the government will provide RM4.8 billion for the JaminKerja initiative, which will guarantee 600,000 new jobs.

He said these centres will mainly provide incentives to employers to hire through the Social Security Organisation (SOCSO) hiring incentive, and in addition, over RM1 billion has been set aside to drive reskilling and upskilling of the human capital.

Although with depleted cash reserves and savings, he said the government will continue to support, especially those in need through cash assistance.

“In this respect, in increasing the allocation for the Bantuan Keluarga Malaysia to RM8.2 billion, the areas given focus in 2022 is providing additional assistance for single mothers and also senior citizens,” he said.

Meanwhile, Asri said the focus on resilience targets to gradually strengthen the social protection system, such as in terms of updating the eligibility of welfare payment to the 2019 food poverty line income and to target greater coverage of the informal sector.

Beyond financing for the recovery stage, he said the government believes digital adoption is an imperative in today’s new normal to strengthen national resilience and competitiveness.

Towards this end, he said the government will invest heavily towards driving improvements to digital infrastructure including the rollout of 5G and at the same time, promote digital adoption by small and medium enterprises through matching grants for digitalisation and automation.

“A key area for reform going forward for businesses is to embrace the sustainability and environmental, social and governance agenda. The government on its part will promote green growth such as through the announced incentives for electric vehicles,” he added.

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