

Petrol subsidy for eligible Malaysians: Domestic Trade Ministry decides on cash format

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Customers are seen at a petrol station in Puchong Permai December 27, 2018. — Picture by Miera Zulyana

KUALA LUMPUR, July 19 — The Pakatan Harapan administration is likely to give cash to lower income households already enlisted for the cost of living aid (BSH) scheme as petrol subsidy, according to officials with the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP).

The decision to use a cash handout format similar to the current BSH programme was reached after prolonged deliberation that saw policymakers considering multiple proposals for nearly a year, but is still pending Cabinet approval.

The new government has already missed its own June deadline to produce a workable plan that would see petrol subsidies distributed only to those eligible, which economists warned would be “difficult” to implement and prone to leakages given the lack of reliable data.

But sources told *Malay Mail* that the government has built an improved database, one that has updated income and vehicle ownership information extracted from the BSH and Road Transport Department data.

Most applicants for BSH are vetted using their payslips and pension fund contributions.

“We will use the BSH list to decide who gets the cash,” a ministerial officer said.

“We can cross-check it against data from RTD. From there, we can see who owns what vehicle. Those who don’t own any will not receive the cash,” he added, referring to the Road Transport Department.

Finance Minister Lim Guan Eng said in November last year that the government planned to subsidise owners of vehicles and motorcycles with engine capacities below 1,500cc and 125cc a minimum 30 sen per litre for RON95 petrol.

Lim said the subsidies will be capped at 100 litres per owner of a vehicle with a 1,500cc engine and 40 litres for those with motorcycles. Putrajaya estimated the subsidies would cost RM2 billion.

The PH administration’s announcement came even as experts expressed scepticism about targeted aid, especially for a developing country like Malaysia where accurate income data is said to be questionable or scarce.

Those arguing for universal assistance have said that the information needed to accurately identify the poor is often complex and imprecise, and this often results in benefits not reaching the intended target, or even “leakages” that end up channelling resources to undeserving households.

Another KPDNHEP aide who spoke to *Malay Mail*, however, said the government has devised “other safeguards” that can be used to vet applicants against their income and vehicle ownership data.

“There will be other ways to check but let’s wait for the minister. He will explain,” the aide said, adding that the government also plans to review the disbursement mechanism every quarter.

KPDNHEP minister Datuk Seri Saifuddin Nasution Ismail was expected to announce the cash petrol subsidy programme on Wednesday, but had to postpone it as he had to be in Parliament.

Parliament’s Lower House was due to vote on a historic Bill to lower the voting age to 18. The Bill was passed.

The PH administration has come under fire over the delay in rolling out the planned targeted petrol subsidy, although it has been subsidising RON95 petrol by capping the price at RM2.08 a litre as geopolitical tensions drove global crude prices up in the first quarter.

On Saturday, Saifuddin appealed for patience, saying the government needed time to finalise the disbursement mechanism despite promising to announce something by last month.

That same day, the minister said he was confident the subsidies would be rolled out latest by this year.

Malaysians use about 1.2 billion litres of petrol monthly, official data shows, with up to 90 per cent of it being the subsidised RON95. Only 10 per cent of vehicle owners can afford RON97.