

Cash for targeted fuel subsidy



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The distribution of cash to eligible recipients is expected to be done soon, once the govt secures the Cabinet's nod

by **AZREEN HANI/ pic by HUSSEIN SHAHARUDDIN**

THE government will distribute cash directly to recipients under the proposed fuel subsidy programme as Putrajaya seeks a direct approach similar to the cash aid programme, Bantuan Sara Hidup (BSH).

Sources close to the matter said the initiative is expected to be implemented soon once the government secures the Cabinet's nod.

Various stakeholders, including related government agencies and petrol dealers, have been briefed on the distribution mechanism and the implementation timeline.

"Yes, it will be done via cash, but do note that the government is finalising several issues before it is tabled to the Cabinet," the source, who declined to be named due to the sensitivity of the matter, told *The Malaysian Reserve (TMR)*.

"Once the Cabinet approves it, the announcement will be made in due course," said the source.

The targeted fuel subsidy was announced last year by the government. However, implementations have been dogged by the distribution mechanism and the amount to be paid.

The government spends billions of ringgit on fuel subsidy, a spending which keeps prices at the pumps at acceptable levels. But the government's financials will be hard-pressed if oil prices rise to levels which make the distribution of an open subsidy system untenable.

Presently, all Malaysians irrespective of social class enjoy the subsidy if they fill their vehicles with RON95, while RON97's price movements are based on global oil prices.

Earlier this week, Domestic Trade and Consumer Affairs Minister Datuk Seri Saifuddin Nasution Ismail was quoted as saying that the government is fine-tuning the implementation process which is targeted for the B40 (lower income) group.

"Although, in terms of the timeline, it should have been announced in the first quarter of this year (1Q19)...it is now in the final phase," *Bernama* reported Saifuddin Nasution as saying.

The related agencies are verifying recipients' eligibility based on information from various agencies, including the Road Transport Department (JPJ), National Registration Department (JPN), Inland Revenue Board (IRB) and Bank Negara Malaysia (BNM). But it is likely the programme will mirror the BSH's distribution model.

Prime Minister Tun Dr Mahathir Mohamad had previously said the programme will be introduced by July.

TMR had reported that the scheme could not be implemented due to the distribution mechanism.

Finance Minister Lim Guan Eng when tabling the 2019 budget last year, announced that the proposed fuel subsidy would be implemented by the 2Q19 with an allocation of RM2 billion.

The initial plan was to introduce a dedicated system which allows eligible recipients to be given a discount card or a coupon to purchase petrol. Saifuddin Nasution had said direct debit into recipients' bank accounts would be a more practical approach.

According to data derived from the BSH record, the scheme is expected to benefit some 6.6 million recipients. According to a ministry official, the final paperwork is expected to be tabled next week.

"I can say it (the implementation) is going to be done very soon," said an officer who declined to be named.

Industry players told *TMR* that they have been informed of the fuel subsidy implementation, but declined to elaborate details.

The subsidy, mooted under the programme, was 30 sen for every litre of petrol up to 100 litres monthly for cars with an engine capacity of 1,500cc and below. Motorcycle users are allocated the same subsidy rate, but up to a maximum of 40 litres a month.

It is not known whether the government will stick to earlier numbers. Cost of living has been one of the key concerns among Malaysians.