

KERATAN AKHBAR

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New targeted subsidies mechanism soon, possibly by 2023, says Rafizi



PUTRAJAYA: The government will introduce a new mechanism for targeted subsidies soon, possibly by 2023, says Economy Minister Rafizi Ramli.

"After three Cabinet meetings, it is quite obvious that we have to expedite a proper roll out of an index-based targeted subsidy system," said Rafizi during a press conference at the Economic Planning Unit (EPU) office in Putrajaya on Friday (Dec 23).

"I think it's very soon, in a matter of months, rather than years. We will have to decide for (it to be implemented in) 2023," he said.

Rafizi also said the introduction of targeted subsidies was out of "sheer economic necessity".

"Financially, we have to do it, we have to ensure that we reallocate some resources from blanket subsidies," he said.

He said the subsidies would be tied to disposable income and household size.

"We want to make sure that subsidies are also tied to consumer behaviour," added Rafizi.

In June, the Finance Ministry said the government's projected subsidy expenditure was RM77.3bil, which is the highest amount in subsidies ever borne by the government.

The projected consumption subsidy covers petrol, diesel and liquefied petroleum gas (RM37.3bil); cooking oil (RM4bil); flour and electricity, as well as utility bills (RM9.7bil).

Rafizi also said a new subsidy mechanism was crucial for the government to have better fiscal ability.

"The question here is what index or benchmark is to be used to determine which individual is qualified for subsidies," he said.

He also said the new mechanism would need to be fair to ensure no income groups are left out.

"There is no point speaking about inflation if we do not develop mechanisms that will enable us to distribute subsidies and targeted financial aid to the people," added Rafizi.