

## KERATAN AKHBAR

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### Subsidy rationalisation: Three approaches being considered, proposal to be submitted to Cabinet this month — Rafizi



Photo by Shahrill Basri/The Edge

KUALA LUMPUR (Nov 6): The proposal for methods and forms of targeted subsidies is expected to be submitted to the Cabinet for approval this month, with three different implementation approaches to be considered, said Economy Minister Mohd Rafizi Ramli.

The proposal would outline the implementation plan, follow-up actions, engagement communication plan, and support plans to ensure the subsidy rationalisation does not burden the people. "The engagement sessions will only take place after the Cabinet reaches a consensus on the method and form of implementation for the rationalisation of subsidies, to mitigate the risk of speculative inflation," Rafizi told the Dewan Rakyat on Monday.

Of the three approaches considered, the first two are: determining eligibility based on individual net disposable income with subsidy provisions through a social protection approach; and determining eligibility based on household net disposable income with subsidy provisions through a hybrid approach involving social assistance and social protection.

"The third method involves determining eligibility based on both individual and household net disposable income, but it would be implemented through a subsidy card," Rafizi added.

The comprehensive proposal is expected to be submitted to the Cabinet for consideration this month, in line with the rationalisation of subsidies scheduled for 2024, Rafizi said. He was replying to a question from Khoo Poay Tiong (Pakatan Harapan-Kota Melaka) during the ministers' question-and-answer session in the Dewan Rakyat on Monday.

Discussions on the rationalisation of subsidies, including petrol subsidies, took place during the National Economic Action Council meetings in May, June, July, and September, and took into consideration input from government agencies and economists, he said. Also considered were the views of the public that were gathered through a survey in June to identify the most suitable petrol subsidy methods.

To a follow-up question from Datuk Awang Solahuddin (Perikatan Nasional-Pendang), Rafizi stressed that only Malaysians would be eligible for the subsidies under the subsidy rationalisation plan.

"The common denominator of rationalised subsidies is that they are only for citizens. That is why the three methods I mentioned earlier involve direct transfers to eligible Malaysian individuals or households," he said.

Rafizi also said the government had spent RM294.5 billion on social assistance subsidies from 2015 to 2023, accounting for 10.9% of its overall spending during the same period.

"In Budget 2024, the government has allocated RM58.1 billion for subsidies and social assistance. The implementation of rationalised subsidies will make the distribution of social assistance more efficient and improve fiscal management," Rafizi added.