

MOF: Govt expected to spend RM77.3b on subsidies, highest ever

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The government's projected expenditure of RM77.3 billion for consumption subsidies in 2022 so far is the highest subsidy in history ever borne by any government, said the Finance Ministry.

Finance Minister Tengku Zafrul Abdul Aziz said the projected consumption subsidies covered petrol, diesel, liquefied petroleum gas (RM37.3 billion), cooking oil (RM4 billion), flour, and electricity.

They also cover subsidy bills (RM9.7 billion) excluding welfare assistance from 2018 to 2022.

"When added to other assistance such as social welfare assistance, including Bantuan Keluarga Malaysia (BKM) (RM11.7 billion), and other subsidies (RM14.6 billion), the total subsidy so far is RM77.3 billion for 2022," he said in a statement yesterday.

Zafrul explained that this also takes into account the recent announcement by the government on additional cash assistance of RM630 million.

This recent aid increases the amount of BKM Phase 2 for the low-income group to RM1.74 billion from June 27, 2022.

Also taken into account is the electricity subsidy announced yesterday worth RM5.8 billion for the second half of the year to ensure no increase in electricity tariff from July 1, 2022.

The minister said the government is sensitive to rising commodity prices and inflation rates due to disruptions to the global supply chain and the Ukraine-Russia conflict, which caused basic commodity prices to surge in most countries, including in Malaysia.

In this regard, the government subsidy is intended to cover the cost of living of the people, he said.

Blanket subsidies, which cover petrol, diesel, water, and electricity, will also provide benefits to the middle 40 and top 20 percent of income earners.

"The Finance Ministry will continue to monitor external factors that can have a

negative impact on the domestic economic situation to ensure that the cost of living of the people is under control," he added.

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