

'BR1M a short-term solution'

PAYOUT: Scheme should help recipients move out of needy state, say experts

KUALA LUMPUR

THE 1Malaysia People's Aid scheme (BR1M) needs to incorporate elements that can help recipients eventually "graduate" from needing such cash assistance, said economists and industry experts.

They said while BR1M has eased the burden of the bottom 40 per cent household income group (B40), it is a short-term solution.

Universiti Kebangsaan Malaysia vice-chancellor and professor of

economics Datuk Dr Noor Azlan Ghazali said in some countries, the government provides conditional cash transfers, where assistance will no longer be provided when the recipient is involved in productive activities.

"We need to see more of that kind of nature rather than simply handing out cash," he said at Business Times's post-2017 Budget roundtable dialogue on Tuesday.

The increased BR1M payout of RM6.8 billion next year will benefit seven million recipients.

MIDF Amanah Investment Bank Bhd chief economist Dr Kamarudin Mohd Nor said the allocation, while easing the people's burden, is not sustainable.

He said a measure mentioned the budget where B40 recipients of BR1M can become ride-hailing service Uber drivers, is a step forward.

Institute of Strategic and International Studies Malaysia deputy chief executive Datuk Steven Wong said BR1M is open to abuse and should be better targeted.

Noor Azlan said the government should collect more information about BR1M recipients, which can then be studied and used to improve assistance to them.

"Hopefully, we can craft a policy that will ease them but at the same time get them out (of the programme). Of course we need to help, but in the right way, a sustainable way."

Malaysian Institute of Certified Public Accountants council member and tax partner at Deloitte Theresa Goh said part of the

funds could be used to train recipients so that they can earn a living.

"BR1M could help them transition to go for necessary upskilling, to get better jobs," she said.

Universiti Utara Malaysia director of Asian Research Institute of Banking and Finance Dr Irwan Shah Zainal Abidin pointed out a misperception about BR1M that it has not solved the issue of poverty.

"BR1M is not meant to solve poverty. Poverty is a long-term issue like healthcare and education. BR1M is meant to ease the (impact of) Goods and Services Tax and the rising cost of living," he said.

Additional reporting by Cheryl Yvonne Achu, Amir Hisyam Rasid and Goh Thean Howe

