PUTRAJAYA, April 26 – A total of RM5 billion from the National Trust Fund (KWAN) will be used to expedite the purchase of COVID-19 vaccines, said Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz.

According to him, the trust fund has RM19.5 billion as of Dec 31, 2020, comprising contributions from Petronas worth RM10.4 billion and RM9.1 billion from investment returns.

Under Section 6, the National Trust Fund Act 1988 (Act 339) allows KWAN to be used after 10 years for development expenditure and to finance soft loans to the Federal and state governments, he said.

"The use of the trust fund is only limited to procuring vaccines, and not for other purposes that are not stated under the law.

"The estimated RM5 billion for vaccine procurement will only use the investment returns (RM9.1 billion) but the total contribution of RM10.4 billion remains and will not be used," he told a media conference to explain the issue regarding the trust fund today.
On April 21, the government passed an amendment to Act 339 that enables the trust fund to be used for the purpose of procuring vaccines and any other expenses related to it, through the Emergency (National Trust Fund) Ordinance (Amendment) 2021.

Tengku Zafrul said it was aimed at expediting the National COVID-19 Immunisation Programme so as to achieve herd immunity by end of this year instead of February 2022.

He said this was not the first time that the government had tapped into the trust fund as RM42 million had been used previously from the same fund for the Paya Indah Wetlands project.

He said KWAN was set up to ensure optimal use of the country's stable natural resources for the benefit of the country and future generations.

"We are the future that was meant when the fund was established. If we cannot use the fund, then the future generations will not be able to use it too," he said.

According to Tengku Zafrul, the government announced during the tabling of Budget 2021 that it would provide a RM3 billion allocation for the purpose of purchasing vaccines and the immunisation programme, but the cost was not included in the budget's total allocation of RM322.5 billion.

However, he said that under the Strategic Programme to Empower the People and the Economy (PEMERKASA), the government announced an increase in the allocation for the immunisation programme to RM5 billion from RM3 billion so as to expedite the target of achieving herd immunity.

He said the increase came about when the government targeted the vaccine dispensing programme to be completed earlier in December 2021 instead of February 2022.

This includes for the purpose of purchasing vaccine buffer stock from various suppliers, the need for additional vaccines for booster shots for individuals requiring extra dose for immunity, outsourcing to private medical practitioners, rental of vaccine dispensing centres (PPV) and allowances for volunteers, he said.

He said the government had to use the trust fund and not take a loan because the country has inherited more than RM1 trillion in government loans and liabilities, including guaranteeing loans without repayment sources such as 1Malaysia Development Bhd (1MDB) and Private Finance Initiative (PFI) debts for off balance sheet expenses.

"If the vaccine cost of RM5 billion is not used from the trust fund, the government's need to borrow will be higher and the fiscal deficit may rise to 6.2 per cent of Gross Domestic Product (GDP)," he said.

With the debts that have been inherited, Tengku Zafrul said the government had borrowed close to the statutory ceiling of 60 per cent and, in its effort to tackle the COVID-19 crisis, the government has no other option other than to optimise existing funds, such as KWAN.

He said the government not only has limited fiscal space to fulfil its obligations but also faced financial constraints in tackling the pandemic.

"We also do not want to burden the future generations with excessive and undue debt. The government is responsible for protecting the current generation because if this generation is affected, there is no guarantee that the future generations will experience prosperity," he said.

As a responsible government, the short-term recovery and long-term sustainability must be balanced, he said.

"The well-being of the people is the government's main focus, but the government has limited fiscal space," he said.

Tengku Zafrul said the current crisis faced by the government was not like the economic crisis of 1998 and 2008, but a "dual health and economic crisis".

He was the government was also committed to replenishing the trust fund when the crisis ends and the government was financially strong again.

"The plan is to replenish. (At the moment) Petronas is the only contributor. By right, it should not be the only
contributor because it was stated that (KWAN) can also receive funds from other sources.

“Hopefully, if the other groups that are supposed to contribute to KWAN do so, we will get there (replenish) faster. Who are these groups? Those who benefited from natural resources,” he said.