

Rise in fuel price offset by other perks, says Dr M

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KUALA LUMPUR, Fri: The prime minister shot down criticisms on the recent 10 sen fuel hike, saying any increase in expenditure will be marginal compared with the pay rise, tax cuts and bonuses introduced.

The speculated chain reaction in the transportation industry is an exaggeration of the actual increase in total cost, that ranges between 0.8% and 1.6%.

At a press conference after the Umno Supreme Council meeting this evening, Datuk Seri Dr Mahathir Mohamad spoke at length about the budget, which he had explained to the council.

"Even the press has been harping on the fuel price hike. You have to give a fair analysis of all the perks that were given."

He cited the minimum RM1,000 bonus for civil servants that will comfortably cushion any increase in petrol prices.

"The increase is only 8%. Even if someone spends a maximum of

RM500 for petrol in a month, the new petrol price will only cost an additional RM40 every month.

"The expenses for fuel will certainly not take up the entire increase in salary and allowances," he said.

Mahathir, who is also the finance minister, said the government had considered the impact of the fuel price hike and thinks that the quantum is reasonable.

He said employees in the private sector will enjoy more tax exemptions.

Those in the lower income bracket in rural areas are allocated more than RM5 billion for rural development programmes.

He said the government will save about RM400 million from the RM1.4 billion in subsidy to oil companies, while expenditure for the people far exceeds that amount.

Several groups, especially consumer associations and transport operators are predicting an inflationary chain reaction, whereby the cost of all other basic goods will also go up.