

Khairy: Cut spending before killing subsidies

Malaysiakini.com

May 16, 2011

Umno Youth today admonished the government for continuing to burden the people by cutting fuel subsidies when greater savings can be achieved by plugging government inefficiencies and administrative leakages.

"Efforts to bring about savings in administrative costs as well as increasing government efficiency and productivity must be done prior to any fiscal spending reduction by cutting the fuel subsidy," its chief Khairy Jamaluddin Abu Bakar said in a statement.

Quoting the National Productivity Council report that government administrative costs amounted to RM17 billion or 2.5 percent of the GDP in 2010, Khairy (right) said the figure was 21 times the savings that subsidy cuts raked in during the July 2010 fuel price hike and 14.4 times the savings from the subsidy cut in December the same year.

Umno Youth urged the government to work towards tackling the high cost of administration by increasing operational efficiency as well as unlocking the value of assets and sources of income before cutting any subsidies.

This, Khairy said, was in order to truly adhere to the 1Malaysia principle of always putting the people and their welfare and needs first. Such concerns are important as any subsidy cuts will severely impact the rakyat.

He pointed out that despite an average inflation figure of just three percent as of March this year, detailed investigations into individual sectors painted a far worse picture.

Food price hikes higher than inflation rate

Non-alcoholic foodstuff registered a 4.7 percent increase in prices, with meats showing a 7.6 percent hike, milk and eggs (7.9 percent), vegetables (11.4 percent), jam and sweetened products (10.9 percent), fruits (6.8 percent) and fish (3.8 percent)

Khairy, who is the MP for Rembau, stressed that price increases of foodstuff are in general more than the general inflation level.

This issue has also raised the concern of the Asian Development Bank, which in its report last month highlighted that global food prices had increased by 30 percent, a trend that would continue to rise.

Khairy raised these issues in response to Domestic Trade, Cooperatives and Consumerism Minister Ismail Sabri Yaakob's warning yesterday that the price of RON 95 fuel may go up soon and that the people had to be prepared for this.

Khairy's stand is the reverse of the views of most ministers, including Prime Minister Najib Abdul Razak, who have called on the people to "change their lifestyle" and tighten their belts, but have made no mention of reducing government spending or ministerial privileges paid with public funds.