

DPM: Government not in a popularity contest

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The federal government admits that hiking the energy tariffs as announced yesterday may not be the most popular thing to do.

However, Deputy Prime Minister Muhyiddin Yassin said, the effects would be even more adverse for the nation if the government were to suppress energy prices artificially low.

"This is not a question of popularity. Sure, we won't be popular if the price of anything increases.

"But we are a responsible government. If we were to keep the prices low, letting it take its toll on the federal budget just to make the people happy, it's the people who will suffer in the long-term and it wouldn't be responsible of us," said Muhyiddin (left).

Speaking to reporters after launching the new Energy Commission building in Putrajaya, he added that the country was faced with ballooning global energy prices.

"This is not about popularity or otherwise. This is about facing the realities, that it is a global phenomenon. The price of crude oil everywhere has increased," he said.

"So do we really want to be popular in the short term and leave the people to suffer in the long run?"

Although the government would try to cushion the people from the full impact of the market prices, Myhyiddin said, "there is a limit as to how much the government can afford".

The federal government has raised electricity tariffs by an average of 7.12 percent beginning June 1 as part of its subsidy reduction exercise.

The average rise is 2.23 sen/kW unit, from the current average rate of 31.31 to 33.54 sen/kW unit.

Domestic consumers who use less than 300kW unit per month or RM77 on their bill will not be subjected to this new electricity pricing scheme, which is multi-tiered according to usage.

According to Energy, Green Technology and Water Minister Peter Chin, this means that 4.4 million or 75 percent out of a total 5.94 million households would not be affected by the new tariff.

'Tariff hike won't bring about massive inflation'

Muhyiddin also denied that the tariff hike will cause massive inflation.

He said the government has done all it can to study the implications before announcing the tariff hike.

"Whatever that was decided yesterday, we have already studied and researched on how this will impact the people's livelihood as well as cost of living, increase in inflation and cost of goods.

"But I think that what was announced yesterday was appropriate," he said.

Minister in the Prime Minister's Department in charge of the Economic Planning Unit Nor Mohamed Yakcop said yesterday that the government expects inflation to rise by 0.27 percent following the power tariff increase.

Annual inflation in April was 3.2 percent.

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