

## **Subsidy cuts mere cosmetic fix for economy, says PKR**

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**By Lawrence Yong**

Petrol and diesel price hikes will really hurt most Malaysians but is only a cosmetic fix for the economy, PKR claimed.

NONEPKR's Rafizi Ramli (right) called Najib's move to raise diesel and RON 95 petrol price by as much as 20 sen a sham and seriously raises doubt as to the premier's ability to address Malaysia's economy woes.

"This will not solve Malaysia's economic woes and is not fair to the rakyat," said Rafizi, who is PKR's director of strategy.

Rafizi reiterated that despite debt rating analyst Fitch's recent warnings and Malaysia's economic downturn, Pakatan would have stood by its manifesto to cut fuel prices if it had come into power.

"We would have been able to roll out everything (including petrol price cuts) comprehensively not like what Najib does which is just to cut the subsidy for the poor," he said.

azlan"We proposed a reallocation of subsidy from the corporate sector which would increase disposable income of the public, which actually will go back to the economy."

Rafizi also disputed the government's claim of high fuel subsidy cost of RM24.8 billion for 2014 which was reported even after the petrol price hikes. Only about RM14 billion was actually for diesel and petrol subsidies.

This figure, Rafizi said, included subsidies for gas distributors and other fuel, and a large unaccounted portion of which went to subsidising independent power producers and industry users.

"You cannot hammer on the lower and smaller subsidies given to 28 million Malaysians when you allow more substantial subsidies to corporations to go untouched," Rafizi said.

Rafizi went on to argue why Najib had no economic basis for the first petrol price hike in Malaysia since December 2010 by showing that world oil prices have mostly declined in the last two years.

He said the move was disappointing as many Malaysians were being punished for the BN government's mismanagement of the economy, as the government budget has been in deficit for 15 years straight.

Rafizi refuted Kinabatangan MP Bung Moktar Radin's comment that only the rich, who could afford big cars, would suffer.

'The poor are victimised first'

"Surveys show that at least three in four families have a car and so the poor are victimised first when petrol prices rise," Rafizi said.

Citing a survey the by Malaysian Institute of Economic Research (MIER), Rafizi said that the poorer the household, the bigger the petrol and diesel cost burden as a proportion to income. For those earning less than RM500, fuel costs could make up almost a third of their pay, he noted. It was in fact in the opposite as for those earning RM4,000 and above, the petrol burden could account for as little as 10 percent of their monthly income.

Rafizi was also not impressed with Najib's measure to raise the 1Malaysia People's Aid (BR1M) cash handout to compensate for the fuel price hike.

"This is a political attempt to create dependence among the poorest and sidetrack the focus away from the real economic issues, lack of work opportunities, quality education, low wages and other structural problems," Rafizi said.

The bottom line is that Najib's government has not tackled corruption and leakages in the economy as the people had demanded, Rafizi said.

"He doesn't want to go through this difficult and onerous task of sitting down with the industry, twisting the arms of the independent power producers (IPPs) perhaps, looking at some other taxation measures that actually get some money back from the IPPs, he is not willing to do that... we would have done that," Rafizi said.

"There has not been a single announcement on a concrete commitment to gas subsidies reform and monopolies have not been touched at all... the reform is not wholesome and therefore it is unfair to the public. If you want to penalise the public, then do the same or even more so with the corporate subsidies."

