

Rafizi: RM1.4 billion spent of fuel subsidies since Harapan took power

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The government has spent an estimated RM1.384 billion between May 10 and July 16 to stabilise RON95 petrol prices, according to PKR vice-president Mohd Rafizi Ramli in his blog post today.

This amounts to a subsidy of between 17 sen per litre and 30 sen per litre to maintain the price at RM2.20 per litre, he said.

Otherwise, he said the weekly RON95 prices would have increased for six weeks and fell for five weeks in the weeks since the general election on May 9, going as high as RM2.50 per litre.

The price for this week would have been RM2.44 this week without the subsidy, he said, using publicly available data for his estimates.

He added that government revenue had also increased by RM1.77 billion over the same 67-day period.

This is due to crude oil prices increasing above the US\$50 per barrel assumption

used to formulate the 2018 budget, leads to increased royalty, tax, duty and other collections.

The current Brent Crude Oil price is US\$73.10 per barrel.

Rafizi said this means that 78 percent of the extra government earnings from increased crude oil prices have been returned to the people.

“I am satisfied because the Pakatan Harapan administration has held on to its pro-rakyat economic policies that we have championed for many years.

“I did not oppose the Harapan administration on the matter of fuel subsidies because the subsidies returned to the people is above what had been promised in Harapan’s manifesto.

“I thought Umno and PAS leaders would shut up because they know Harapan’s performance in stabilising fuel prices is better than what we ourselves have expected.

“The problem is that it is not easy to school Umno and PAS supporters who are obsessed with imagined manifesto promises,” he said.

Rafizi said he had written the blog post because Umno and PAS supporters had been pressuring him to “oppose” the Harapan-led government for supposedly

failing to deliver on its promise to reduce fuel prices.

He said he finds amusing because it meant that the opposition parties are not confident in their ability to champion the people's welfare.

In addition, he said Harapan did not promise to set fuel prices at either RM1.50 per litre or RM1.80 per litre as alleged.

He said the RM1.50 per litre was the promise for the 13th general election campaign, whereas the RM1.80 per litre figure came from an example he had used when crude oil prices were hovering between US\$45 and US\$55 per barrel.

Instead, Harapan had merely promised it its 14th general election manifesto to provide fuel subsidies to those using motorcycles with engine capacities below 125 cubic centimetres, and cars with engine capacities below 1,300 cubic centimetres.

Fuel prices had been placed under a managed float since December 2014 following the withdrawal of government subsidies, until it was frozen in the weeks leading up to the 14th general election.

The Harapan-led government maintained the freeze for RON95 and diesel prices after it took power, which retailed at RM2.18 per litre. RON97 prices, meanwhile,

returned to a managed float where prices are revised weekly.

Finance Minister Lim Guan Eng had said that the government had set aside RM3 billion to maintain the RON95 and diesel prices for the rest of the year.

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