

PM makes RM2 bil cost cuts after fuel hike
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After its inaugural meeting today, the Anti-Inflation Council announced cost-cutting measures in line with the government's decision to cut fuel subsidies last Wednesday.
MCPX

Echoing Second Finance Minister Nor Mohamed Yakcop's suggestion that mega-projects will be reviewed, several perks enjoyed by ministers and their deputies will be cut too.

abdullah ahamad badawi pm anti inflation pc 090608 01Also included in the cost-cutting exercise as announced by Prime Minister Abdullah Ahmad Badawi was a freeze on new employment (non essential positions) within the government, renovation work, asset acquisition (cars, computers, furniture, etc) and limited budgets for government functions.

Effective July 1, ministers and their deputies' entertainment allowances will be cut by 10 percent. (see chart)

Cabinet members will also see their annual all-expenses-paid holidays restricted with immediate effect.

Where there used to be no limits to where they can go for their once-a-year holidays, they and their families will now be confined to Asean and local destinations.

While no ceiling was set for these trips, the number of days has been capped at seven days.

Overseas travel for work will also be limited to conferences and major international assignments, the prime minister told reporters after chairing the meeting at Putrajaya this evening.

entertainment allowance before 10 percent deduction 090608In a circular issued to government departments today, overseas traveling will be limited to those directly involved in the meetings and no more than three officers will be permitted.

While ministers are allowed to bring three officers, their deputies will be limited to two only.

For local government retreats, workshops, seminars, conferences and meetings, the use of hotels will be stopped altogether.

All training or courses conducted by the government department must use the existing facilities within their ministries or the Putrajaya International Convention Centre.

Measures to help people

Abdullah said the RM2 billion cost-cutting package was aimed at softening the blow after an unpopular 41 percent fuel price increase.

"With all the cuts the government is making, we are expecting to save RM2 billion annually," he said.

"I understand the suffering of the people and I hope these measures can help the people."

Abdullah, whose position is now even more tenuous after last week's overnight fuel price hike, defended the decision which has sparked protests and public outrage.

"Although the government does not want to burden the people, tough decisions have to be made because it has a duty to guarantee that natural resources are used in an optimum way, not just now but for future generations," he said.

"The government is now taking measures to reduce the difficulties that result from rising prices."

Abdullah said the government will continue to review planned mega-projects, including major infrastructure plans slated to cost billions, and only those deemed essential will proceed.

He also brought forward by two weeks the date for a cash rebate for owners of small- and medium-sized vehicles - designed to partially offset the fuel price hike - to June 14.

And in a bid to head off threats of closures by public transport operators, he said they will be allowed to buy diesel at the old subsidised rate.

Abdullah said Malaysia will also increase the threshold of the poverty rate, which currently stands at RM691 in monthly income, so that more people can access the government safety net.

abdullah ahamad badawi pm anti inflation pc 090608 02The council, which met for the first time today, is headed by the prime minister and has 28 members.

Seven ministers are also part of the council - Nor Mohamed Yakcop, International Trade and Industry Minister Muhyiddin Yassin, Domestic Trade and Consumer Affairs Minister Shahrir Samad, Transport Minister Ong Tee Keat, Agriculture Minister Mustapa Mohd, Housing and Local Development Minister Ong Ka Chuan and Minister in Prime Ministers Department (Economic planning) Amirsham Abdul Aziz.

Also included were Bank Negara governor Dr Zeti Akhtar Aziz, workers representatives (Cuepacs and MTUC), Malaysian Employers' Federation, Bernama, Fomca and other bodies.

The council is expected to meet once a fortnight.

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