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Four measures to ease burden

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Govt to announce steps to help consumers deal with price hikes, says PM

PUTRAJAYA: The Government will announce details on four swift measures early next week that would ease the burden on consumers as a result of the increase in fuel prices and electricity tariffs.

In a meeting with senior editors here, Prime Minister Datuk Seri Abdullah Ahmad Badawi said the four entailed cost-saving measures by government departments and agencies, expanding the social safety net for people in the lower income bracket and underprivileged groups like single mothers and the handicapped, enlarging the list of controlled items to keep costs down, and improving public transport such as putting more buses on the roads.

Abdullah said raising fuel prices

and electricity tariffs was not something that the government liked to do but it had to bite the bullet now to prepare for the long-term benefit of the nation.

He added that government officials, entrusted with working out the details, would be working over the weekend so that these could be announced early next week.

Elaborating on the measures, he said the Government's cost-cutting measures would include reducing overseas travel and the number of officials involved.

He said the savings derived from the cost cutting at government departments and agencies would be used in other areas to benefit the people.

As for expanding the social safety net, he said this would mean enlarging the threshold to cover more people who were in the lower income and underprivileged groups.

Abdullah said with the Government recognising the likelihood of increased food prices, the number of essential items on the price control list would be expanded to keep costs down.

Abdullah said that there were other areas that the Government was looking at.

He also announced the establishment of a National Inflation Council comprising members from both the government and private sectors. It would hold its first meeting on Monday.

He said if the Government did not reduce the fuel subsidies, it would have meant that it would have to spend about RM28bil this year.

This was an unwise thing to do if one were to take into account its annual revenue of about RM154bil, he said.

Abdullah said the Government had been successful in bringing its budget deficit to 3.2% from 5.5% in 2000 but if it continued with the fuel subsidies, then its budget deficit could rise to between 6% and 10%.

Having such a high budget deficit would have a negative impact on Malaysia's sovereign ratings although the Government did not always go to the money market to

borrow, he explained.

However, rating downgrades by rating agencies would indirectly impact on the borrowings undertaken by Malaysian companies and this meant that they would have to pay more, he added.

Referring to suggestions by some quarters that the Government should use its funds to pump prime the current economy, Abdullah said it would not be a sensible thing to do at present.

He said that if there were to be a major global economic crisis or recession and Malaysia had used up a huge chunk of its funds just for fuel subsidies, then it would seem that the country had played its last card. — Bernama