

TARGETED DIESEL SUBSIDY

'RM4B SAVED WILL BE SPENT ON THE PEOPLE'

Funds will be used for public transport and cash aid, not to raise ministers' pay, says PM

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THE RM4 billion in savings gleaned from the targeted diesel subsidy will be spent on public transport and cash aid for the people, such as Sumbangan Tunai Rahmah (STR).

Prime Minister Datuk Seri Anwar Ibrahim said the government's expenditure on the STR, for example, had risen to nearly RM10 billion as the number of recipients had reached nine million people.

He also noted that the Sumbangan Asas Rahmah (Sara) cash aid for poor and hardcore poor households had increased from RM600 to RM1,200 a year.

"This money (from the re-targeting of subsidies) is not used to increase the allowances of ministers. The subsidy rationalisation is to ensure that the subsidies do not go to the ultra rich and to foreigners."

Anwar said this in his speech at the Finance Ministry's monthly assembly here yesterday.

Present were Finance Minister II Datuk Seri Amir Hamzah Azizan and Deputy Finance Minister Lim Hui Ying.

On Sunday, Amir Hamzah had said diesel subsidies for certain groups in Peninsular Malaysia would be discontinued the following day.

He said the price of diesel at the pump would be set by an automated pricing mechanism, which would see it go up from RM2.15 per litre to RM3.35.

To cushion the impact of the new diesel price, the government had introduced the Budi Madani individual and Budi Madani Agricultural monthly cash aid programmes.

About 30,000 people of this aid will get RM200 a month in their bank accounts.

The government had also introduced fleet cards under the Subsidised Diesel Regulation



Prime Minister Datuk Seri Anwar Ibrahim arriving at the Finance Ministry's monthly assembly in Putrajaya yesterday. PIC BY MOHD FADLI HAMZAH

System for public transport and logistics companies.

Anwar, who is also finance minister, said the diesel subsidy rationalisation was the third initiative by the government to restructure the country's subsidy system.

The first was a rationalisation of electricity tariffs, which would save RM4.5 billion, and subsidies for the sale of chicken, saving RM1.2 billion a year.

He said while the move was "unpopular" and may cause a negative political impact, subsidy rationalisation must be done for the benefit of the majority.

The discussion on the matter, he said, had in fact happened over 25 years ago when he was Finance Minister in the 1990s, but could not be done due to political considerations.

"Usually political leaders will think about the negative impact when taking away subsidies or increasing taxes, because politically, it is burdensome.

"But I told the cabinet that we must make a wise decision and help the majority of the people.

"We must not be giving subsidies to the ultra rich, large industries and foreigners... we are not discriminating against foreigners but they do not pay tax, and their levy tax is small.

"Therefore, our responsibility is, firstly, to our people," he added.

Anwar hit out at critics who used his campaign speech in the run-up to the 12th General Election on fuel prices to relate it to the current situation.

He had said in 2008 that the price of petrol in Malaysia was higher compared with other oil-

producing countries, such as Saudi Arabia.

"(The video) says if I win today, tomorrow the prices of fuel will go down. That is what is being repeated.

"But that was in 2008, when the price in Saudi Arabia was at 50 sen while ours was at RM1.80.

"Now, our petrol is priced at RM2.05, and Saudi Arabia's is at RM2.95. The only oil-producing country that sells petrol cheaply is Brunei.

"How do you then relate the cost in 2008 versus 2024? This is basic economics."

The video of his campaign speech went viral on social media after the targeted diesel subsidy was implemented on Monday.

Anwar said although Malaysia's inflation rate was among the lowest in Asia, it did not mean that the prices of goods would not increase.

"Let's think about it. As prime minister, I do not want the people to be burdened. Although the inflation rate is low, it means that the prices of goods will increase by a little.

"I did not say that prices will not go up. Having the lowest inflation rate in Asia still means there will be some increase in prices," he added.

Anwar gave an assurance that he would defend civil servants who performed their duties well and who resisted pressure from corrupt circles.

Bernama reported that the prime minister said he had instructed Chief Secretary to the Government Tan Sri Mohd Zuki Ali to support civil servants who carried out their responsibilities diligently.