

Toll rates unchanged thanks to people power, stronger opposition

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Putrajaya beat an unusual retreat today, announcing this evening that current toll rates would stay, and it would, instead, fork out RM400 million as compensation to toll concessionaires.

This would not have happened before 2008, when pump prices spiked a new high and led to the ultimate backlash - the historic end of Barisan Nasional's (BN) customary two-thirds parliamentary majority.

That was six years and two elections ago, during which BN has lost even more federal seats, although it pledged to fulfil promises and create a better nation.

Not long after Election 2013, Putrajaya faced a ratings downgrade due to a rising federal deficit. Biting the bullet, the government decided to cut subsidies, while still promising more cash aid for the poor.

Pump prices rose 20 sen a litre, the sugar subsidy was abolished and electricity rate spiked by 15% from January 1, leading to a growing revolt on the ground by opposition leaders and the people.

Even the Umno grassroots and party veterans chimed in, saying Putrajaya should tighten its belt and cut its expenses first, before asking people to feel its pain. All that has led to the government falling in its approval ratings.

Yet the fact is, the government would not have changed its stance on the toll hike if not for a stronger opposition and people aware of the country's economy and Putrajaya's profligacy

It comes at a cost - some RM400 million in public funds will be used to pay off the concessionaires who have a lucrative contract that allows them to raise rates every three years, despite increasing traffic and congestion on the highways.

Also, some of these concessionaires are partly owned by government firms. So the money goes from one pocket to another, but their share prices rise and the executives make more money - no matter who pays the toll rates.

All this means the BN government must do more than just keep the current rates by paying the difference to the concessionaires in order to keep power.

It must cut costs and put public funds to where it does the most good, rather than just appease everyone from the public to financial analysts, who will now have to reconsider Putrajaya's austerity plans as nothing more than hot air.

BN is treading a fine line now, but it has decided that appeasing the people is better than losing power in the next elections to its political foes. - February 5, 2014.

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