

Putrajaya's new fuel subsidy scheme bad for people, say critics
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By Jennifer Gomez

There are growing calls for Putrajaya to review the proposed new fuel subsidy system before any changes can be implemented amid fears it could further burden those who are already struggling with high cost of living.

Politicians from both sides of the divide urged Putrajaya to withdraw the proposal, saying that it could trigger a potential black market scenario and will not help curb fuel smuggling.

Under the new subsidy system, those with a monthly income of RM5,000 and cars with an engine capacity of 2,000cc will be entitled to unrestricted purchase of subsidised petrol.

Those earning between RM5,000 and RM10,000 per month will only be able to purchase 300 litres of subsidised RON95 petrol every month and those with a monthly income of more than RM10,000 will have to purchase RON97 petrol without any subsidy.

The new system is expected to be implemented in the third quarter of the year.

In a statement today, Penang Gerakan secretary Oh Tong Keong urged the government to conduct an in-depth study on the potential problems that could arise.

"The special fuel card to be introduced under this system could be misused and if the system is down, thousands of petrol stations will be paralysed," he said.

According to Oh, there were many loopholes in the system which could potentially be abused by unscrupulous people.

MCA vice-president Datuk Chua Tee Yong had also said that the proposed restructuring of the subsidy system was "too sudden and too fast".

He said that this was because the lower- and middle-income groups as well as small and medium enterprises were still struggling with inflation caused by the 20 sen increase in fuel prices last year and the 15% electricity tariff hike recently.

"There is still a 70-sen gap between the subsidised and market price, with less than three months before the new system is introduced in September. If this happens, the inflationary impact could be tripled," he had said.

Chua said the adjustment would be harsh on consumers, since the implementation mechanism was yet to be revealed and with the goods and services tax coming in April 2015.

PKR had also called on Putrajaya to present the new subsidy system to the people before its implementation.

PKR strategy director Rafizi Ramli said that the public should be given at least a year to give their feedback and also to be able to adjust.

He said revising the petrol and diesel subsidy system was a "big decision that would deeply impact on the people", at a time when price of goods kept increasing while salaries remained stagnant.

"I have warned Barisan Nasional many times that any decision that involves the welfare of the people has to be discussed and a general consensus be taken so that it does not go against the people's wishes," Rafizi had said, in urging Putrajaya to present its proposal on a new petrol subsidy system in Parliament before implementing it.

Meanwhile, the Petroleum Dealers' Association of Malaysia said the proposed system would be difficult to enforce and would lead to widespread discontentment.

Domestic Trade, Cooperatives and Consumerism Ministry secretary-general Datuk Seri Alias Ahmad, however, described the report on the proposed revised subsidy system as "speculation", The Star reported. – June 5, 2014.

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