

Structure of new fuel subsidy scheme still being studied, says Najib Malaysian Insider Oct 30, 2014

The public can expect to know the details of the new fuel subsidy rationalisation scheme by middle of next year, says Prime Minister Datuk Seri Najib Razak.

He said as of now, it was too premature to disclose details of the new scheme as the matter was still being studied.

"It is a bit premature (to disclose) as it is still at 'a request for proposal' stage. As for now, the present system will continue. We will decide when we have the best proposal with a full package," Bernama reported him as telling Malaysian journalists in Dubai late yesterday.

Najib was on a three-day working visit to Dubai in conjunction with the 10th World Islamic Economic Forum (WIEF) which ended today.

When asked on the timeline, Najib, who is also Finance Minister, said "the public will be fully informed mid-next year."

The Prime Minister noted that the new scheme for petrol would be implemented mid-next year while that for diesel would be done earlier, Bernama reported.

Najib said the new scheme, which was reportedly to be divided into three tiers, depending on monthly income, was just part of the proposal.

It was proposed that those earning below RM5,000 per month should continue to enjoy the fuel subsidy while those earning above RM10,000 would not be eligible.

Critics, however, have said that the tiered fuel subsidy scheme would be hard to execute and looks more like an attempt to placate voters griping about rising cost of living.

In recent years, Malaysia has shielded its citizens from the full brunt of surging crude oil prices with fuel subsidies of around RM24 billion annually. That has exacerbated the government's budget deficit, one of the region's biggest as a proportion of gross domestic product.

To shore up its finances, Malaysia cut the subsidies in September 2013 and then again this month. That raised the price of petrol and diesel, stirring public debate on inflation and living costs.

The subject is growing ever more tender as Malaysia heads towards implementing a 6% goods and services tax in April next year. – October 30, 2014.

Hakcipta © 2013 The Malaysian Insider

Source:

<http://www.themalaysianinsider.com/malaysia/article/structure-of-new-fuel-subsidy-scheme-being-studied-says-najib-bernama#sthash.GstTiSKi.dpuf>