

By Shazwan Mustafa Kamal

PUTRAJAYA, Jan 18 ♦ Domestic Trade, Co-operatives and Consumerism minister Datuk Seri Ismail Sabri Yaakob believes that Malaysians are generally not ready for a total scrapping of fuel subsidies, and that the government would only do so if there was a consensus from the public.

His response came despite internal government discussion that removing all subsidies in the country could save Malaysia some RM50 billion a year. The government currently subsidises fuel, gas, flour and sugar.

♦ If all Malaysians think like you, if we phase out subsidies entirely, there would not be a problem in terms of fuel caps, Mykad... no problems on two-tier fuel pricing, ♦ the minister said when responding to a question from a reporter today.

♦ In other countries there is no fuel subsidy, there is no question of two prices... the price of fuel depends on the market value. [Currently] we give [a] 30-sen subsidy for every litre of petrol. If we want to give subsidy, it should be to those who are in need of it, ♦ Ismail added.

He stated that while the removal of subsidies would be the easiest solution, the question remains as to whether Malaysians would be able to accept that fact.

♦ At this point of time... Malaysians, when they are given subsidies, they think that it is their right, something which cannot be taken away from them. When we first introduced RON95 the price was RM1.75. On Sept 1, it went up to RM1.80... just a five-sen increase, but the whole of Malaysia was in havoc.

Ismail stated that RM3.5 billion could be saved if petrol subsidies were removed, but questioned whether Malaysians were prepared for that scenario. The money saved, according to him could be used for repairing schools, scholarships to students as well as providing free tuition and healthcare for the poor.

♦ Right now, the concept of subsidy needs to be corrected. This is the government's initial step. People need to understand that subsidies are only meant to be given to those who are in need.

♦ This means that rich people do not get subsidies, ♦ he explained.

Ismail also maintained that the government will only consider a total subsidy scrapping only if there was positive feedback from the public.

He refused to provide more details on the developments of the new two-tier fuel subsidy system, only stating that an announcement will be made sometime in March.

From May 1, Malaysians and non-citizens will have to pay different petrol prices as foreigners are not eligible for subsidised petrol.

It is understood that effective from that date, the purchase of petrol using MyKad will be introduced whereby only citizens will enjoy the subsidy.

To further complicate matters, not all Malaysians will get to enjoy subsidised petrol either. An announcement on the detailed mechanics of the system will be made on the same day it goes into effect.

The petrol subsidy for those who qualify will be based on the engine capacity of their vehicles. The focus will be on those with lower income who also usually use cars with smaller engines, according to Ismail.

The government currently subsidises 30 sen of the RON 95 fuel cost. The original price of RON 95 is RM2.10. The subsidised price RON 95 is RM1.80.

Source: http://www.themalaysianinsider.com/index.php/malaysia/49973-malaysians-not-ready-to-give-up-subsidies-says-ismail