

## Govt may consider floor price for petrol



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PDAM suggests that with the floor price, any excess proceed from a sharp drop in oil prices could be retained for future use by the govt as subsidy

by DASHVEENJIT KAUR/ pic by BERNAMA

THE government may consider setting a floor price for petrol and diesel amid declining oil prices, said Domestic Trade and Consumer Affairs Minister Datuk Alexander Nanta Linggi (picture; centre).

"We will have to listen to all parties and brainstorm the idea. If it is good, we will bring this up to the Cabinet," he told reporters after clocking in on the first day of work at his ministry in Putrajaya together with his deputy Datuk Rosol Wahid.

This came after Petrol Dealers Association of Malaysia (PDAM) suggested a floor price to be introduced for both petrol and diesel which in turn would protect dealers, consumers and the government.

According to media reports, PDAM president Datuk Khairul Annuar Abdul Aziz said with the floor price, any excess proceed from a sharp drop in oil prices could be retained for future use.

"Instead of lowering the price by 57 sen per litre, the government could only lower five or 10 sen a litre, the excess can be kept by the government to be used as a subsidy when crude oil prices jump to higher levels in the future," he said.

According to Khairil Annuar, this would avoid petrol station operators from being caught off guard by the sudden decline and they will still be able to absorb losses as it does not involve large increases in cost.

The weekly-managed float system was first implemented by the Barisan Nasional administration in December 2014.

The Pakatan Harapan (PH) government then capped the price of RON95 to RM2.20 per litre and further reduced it to RM2.08, while the price for RON97 is determined by a weekly floating mechanism.

The current price ceiling for Euro 2M diesel is RM2.18 per litre. Alexander stressed that a decision cannot be made immediately before having in-depth discussions with the officers and industry experts.

On the Petrol Subsidy Programme (PSP), the minister would not mind retaining it or other good policies from the previous government, "It is too early for me to say for now, but of course, if anything that is already in place or proposed are good, why not?"

"If it is good for the rakyat and country, we can look at it positively and go on with it," he added.

The PSP, scheduled for implementation in January 2020, has been postponed indefinitely, as it was initially supposed to be announced by the PH government.

The programme was initially meant for some 2.9 million people in the bottom 40% (B40) group who are eligible for the Cost of Living Allowance.

During the tabling of the 2020 budget on Oct 11, 2019, former Finance Minister Lim Guan Eng announced that the PSP would be expanded to include about five million middle-income earners with a monthly household income of less than RM4,000.

