

Increase subsidy, says Fomca

KUALA LUMPUR: Consumer groups have mixed reactions to the removal of the RON95 fuel subsidy and introduction of targeted fuel subsidy.

While the Federation of Malaysian Consumers Associations (Fomca) believed the new subsidy should be higher, the Consumers Association of Penang (CAP) said the targeted subsidy should be a temporary measure. CAP is of the view that it should ultimately lead to a total removal of petrol subsidy.

Fomca deputy president Mohd Yusof Abdul Rahman urged the government to provide a higher subsidy rate to recipients of the Targeted Fuel Subsidy (PSP) programme, taking into consideration the high cost of living.

He said the allocated subsidy of RM30 a month for motorists and RM12 a month for motorcyclists was too low.

"In fact, they (the government) can provide more as most people travel far and it is costly," he said yesterday.

CAP acting president Mohideen Abdul Kader told the *New Straits Times* that the targeted

petrol subsidy removal was commendable and this must be the first step towards removing all petrol subsidies.

"The money from the petrol subsidy must be used to improve public transport.

"People must be encouraged to use public transport.

"However, giving subsidy to recipients of the cost of living aid can be a temporary measure because right now, we do not have a good public transport system in place.

"People are forced to use their vehicles. For example, in Penang, only two per cent use public transport, while the rest use private transport.

"In Singapore, 60 per cent of people use public transport. There is no point in removing the petrol subsidy without improving the public transport system."

Economic analyst Dr Aimi Zulhazmi said Malaysians must give the government at least six months to find the right formula

to execute the plan, especially to react to public feedback.

"I think this is the first time the government is trying to implement such subsidy measures. It will be interesting to watch the development of the scheme, but we need to give them time.

"There will be an outcry as the price of petrol is subjected to global oil prices. The government will have to consider the trend, inflation rate and cost of living."

He said there must be sound data analytics of the target group to evaluate the amount, usage trends and impact of the new subsidy on the

Bottom 40 group.

Asked if the proposed subsidised amount was adequate, Aimi said it would be known only after the initiative was rolled out.

"We will never know until it is implemented. I think the government will have the time to adjust the amount based on feedback, or it may even abandon it."



Mohd Yusof Abdul Rahman