

Food for Thought

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NATIONAL ENERGY SECURITY SURVEY - WHAT MALAYSIANS FEEL ABOUT SUBSIDY REMOVAL?

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NATIONAL ENERGY SECURITY SURVEY - WHAT MALAYSIANS FEEL ABOUT SUBSIDY REMOVAL?

Association of Water and Energy Research Malaysia (AWER) has carried out National Energy Security Survey (NESS) to establish a baseline data on energy related issues. The sampling frame used for the survey is from the National Household Sampling Frame (NHSF) which is made up of Enumeration Blocks (EBs) created for the 2010 National Population and Housing Census. The sampling was developed by Department of Statistics Malaysia.

When asked if respondents support the government's effort to reduce and restructure subsidy for fuel and electricity, only 27.55% of Malaysians support this move. The balance 72.45% does not support the move. Highest support was from Putrajaya (46.38%), followed by Pahang (31.91%), Negeri Sembilan (31.25%) and Sarawak (31.25%). Penang recorded highest percentage in disagreeing with the move at 82.57%, followed by Selangor (81.25%) and Kuala Lumpur (80.26%).

To further understand their decision, AWER recorded reason behind their decision. Table 1 shows the breakdown of reasons from Malaysian who support the move (27.55%) and Table 2 shows the breakdown of reasons from Malaysian who disagree with the move (72.45%). 18.13% of Malaysians feel that subsidy should be given to the needy group. But, 27.53% of Malaysians feel that getting subsidy is their right as citizen of Malaysia. This is followed by 26.32% of Malaysians feel that they need subsidy to reduce their daily expenses. Another 18.50% of Malaysians

feel that it is government's duty to reduce people's living cost.

Table 1: Breakdown of reasons in support of subsidy removal (27.55%)

| <i>Reason to support subsidy removal</i> | <i>Percentage (%)</i> |
|---|------------------------------|
| Better economic distribution | 6.95% |
| Give subsidy to the needy group | 18.13% |
| I do not get subsidy | 1.79% |
| I do not need subsidy | 0.64% |
| Others | 0.04% |

Table 2: Breakdown of reasons in disagreeing with the subsidy removal (72.45%)

| <i>Reason to disagree with subsidy removal</i> | <i>Percentage (%)</i> |
|--|------------------------------|
| I need subsidy to reduce my daily expenses | 26.32% |
| Getting subsidy is my right as a citizen | 27.53% |
| It is government's duty to reduce people's living cost | 18.50% |
| Others | 0.10% |

When asked if they wanted to know the details on how the savings from subsidy removal is spent by government in detail, 68.38% of Malaysians wanted to know while the remaining 31.62% of them do not want to know the details. Kuala Lumpur recorded highest response (79.93%) in wanting to know the detailed expenditure of the savings, followed by Johor (76.64%) and Selangor (75.99%). Pahang recorded highest response (47.37%) in not wanting to know the detailed expenditure of the savings, followed by Perlis (46.38%) and Kedah (43.42%).

When we asked if the respondents are confident that the government will give subsidy to the needy, 42.52% of Malaysians are confident and the remaining (57.48%) of them are not confident. Putrajaya recorded highest percentage in confidence that government will give subsidy to the needy at 82.89%, followed by Perlis (47.37%) and Sarawak (46.71%). On the other hand, highest non confidence on this matter comes from Penang (68.09%), followed by Kuala Lumpur (66.78%) and Kelantan (66.45%).

However, ***the confidence level of Malaysians took a dip when asked if they are confident that the government will channel the savings from subsidy removal correctly and without wastage for amenities projects for the benefit of the people.*** Only 33% of Malaysians are confident and the remaining 67% of them are not confident. Putrajaya had the highest confidence at 82.24%, followed by Pahang (48.03%) and Johor (37.17%). Highest non confidence comes from Melaka (87.17%), followed by Kelantan (76.97%) and Perak (76.32%). The details are

shown in Table 3.

Table 3: Confident that the government will channel the saving from subsidy removal correctly and without wastage for amenities projects for the benefit of the people

| State | Confident | Not Confident |
|-----------------|------------------|----------------------|
| Johor | 37.17% | 62.83% |
| K. Lumpur | 30.26% | 69.74% |
| Kedah | 33.88% | 66.12% |
| Kelantan | 23.03% | 76.97% |
| Labuan | 31.91% | 68.09% |
| Melaka | 12.83% | 87.17% |
| N. Sembilan | 27.63% | 72.37% |
| P. Pinang | 25.99% | 74.01% |
| Pahang | 48.03% | 51.97% |
| Perak | 23.68% | 76.32% |
| Perlis | 24.34% | 75.66% |
| Putrajaya | 82.24% | 17.76% |
| Sabah | 33.22% | 66.78% |
| Sarawak | 29.93% | 70.07% |
| Selangor | 26.64% | 73.36% |
| Terengganu | 37.17% | 62.83% |
| National | 33.00% | 67.00% |

Based on the response we obtained in this survey, rise of living cost may have been one of the factors that cause most of Malaysians to disagree with subsidy removal. This can be seen clearly when 26.32% of Malaysians feel that they need subsidy to reduce their daily expenses and 18.50% of Malaysians feel that it is government's duty to reduce people's living cost. Members of public are also demanding for transparency of how the savings from subsidy removal are spent to benefit the needy group as well as public amenities projects.

Subsidy removal (or subsidy rationalisation) is often seen as an unpopular move. When this move is coupled with lousy excuses, it is harder for Malaysians to understand subsidy removal in totality. For example, the steep increase in electricity tariff beginning 1st January 2014 was mainly due to implementation of two-tier natural gas pricing. The failure to address actual cost of natural gas and tagging natural gas price at a premium price does not go well with industries. While government agencies repeatedly issued statements that the subsidy removal process has minimal impact in increasing prices of goods and services, the reality at the grassroots is **a world of difference**.

In recent weeks, we have also been hearing ridiculous reasons on subsidy cut for fuel (diesel and RON 95 Petrol). Is the fuel cost that we are paying reflects real fuel cost or it is a formula price (a marked-up pricing)? Fundamental issue like this must be addressed holistically so that members of public and businesses can understand the subsidy removal implementation fully. The government must also publish detailed spending on how the savings are finally used.

Will the relevant agencies release important information related to pricing, savings from subsidy removal and detailed expenditure of the savings? If government is serious about subsidy removal, it must take into consideration how public view this issue.

To the relevant agencies, the ball is in your court!

Piarapakaran S.

President

Association of Water and Energy Research Malaysia (AWER)

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