

CASE TITLE :ROLLER COASTER

Wednesday,22 March 2017

Ahmad and Ali alumani from USAS went to Parliament to follow proceeding on petroleum product pricing that had been the topic interest to them as every Wednesday they waited anxiously for changes in petrol pricing.

Parliamentary Sitting, number thirteen , session five, first meeting on 22 March 2017 at 10 am. The session chaired by the Speaker.

Respond to oral question:

MP1: I would like the Minister to give the rational to implement “managed float” for RON 95 and diesel .What is the impact to service station when the ex-pump price is determined according to world crude price which changes like roller coaster.

Minister: Honourable Speaker, I would like to have your permission for me to answer MP1 and MP2 questions simultaneously as they are the same

Speaker: Granted

Minister: The Government had implemented “managed float” or “controlled float” to determine the ex-pump price petrol RON 95 and diesel since 1 December 2014 and petrol RON 97 since 2010.Managed float is the determination ex-pump price for petrol and diesel tied to the crude oil price in the market.

The ex-pump price is calculated based on “automatic pricing mechanism(APM”. The APM based the average petroleum crude market price for the month to calculate the ex-pump price for next month.

The rationales are:

- (1) To encourage effective use and discourage wastage
- (2) To base on market cost
- (3) To stabilise the price
- (4) To reduce susidies borne by Government

For the dealer the fluctuation of stock pricing should adjusted accordingly and gain or loss will be offset as its average out.

MP3: Honourable minister, the problem with our petroleum retail prices whenever there is rumour of price increase there will be long queue and as if we are waiting for roller coaster. Simultaneously after 45 minutes the station operator put up sign board “minyak habis”.Is this a ploy by station dealer to hoard the petrol so that they can make profit by selling at higher price the next day. What the steps taken by the Government to protect consumers from this un scrupulous dealers

Minister: As our public are much more informed about the APM the Government had taken steps to find a formula that can curtails the volatility of the fluctuation of petrol pump price and I had announced that effective 1 April that the prices changes will be announced weekly.

Secondly on dealers that practice hoarding if there is any complaints action will be taken against them with full enforcement law.

After the session Ahmad and Ali went to see the minister for a courtesy visit. Since the Minister is from Perak he happy to meet them an offer them the post of research assistant to both of them .The first task given to them are to:

- (1) To analyse the past six months trend of ex-pump price of petroleum product in Malaysia
- (2) To collate the past six months data of spot crude prices ex-Spore
- (3) To forecast next week price

Ahmad and Ali come to see you asking for assistance .

(Adapted from Malaysian Parliamentary Sitting no 13,session5,1 meeting)