

## Steep rise in price of gas

### 'Government socially and economically irresponsible'

Kurt Sansone

A normal 12-kilo gas cylinder is €2 more expensive as of today, representing a price hike of 37 per cent. Enemalta yesterday announced substantially higher prices for all its gas products, with increases, approved by the Malta Resources Authority, ranging between 30 and 37 per cent.

The government said the new prices did not recover the full cost of the product and it would be subsidising the difference to the tune of €150,000 per month.

The authority had actually approved increases that were almost double the price, which would have covered the full cost to buy and bottle the gas.

However, the government has decided to continue subsidising gas for the time being and postponed such higher prices. In October, during the parliamentary debate on a motion to transfer land in Bnghisa to Gasco Energy Ltd for the building of an LPG gas plant, Finance Minister Tonio Fenech had said that the price of gas would eventually go up to reflect the market price.

The corporation said it based its workings on the forward price of liquid petroleum gas (LPG), Enemalta's cost base for its gas division and the expected sales for 2009.

The price of gas cylinders has remained the same since 2004 when an upward adjustment was made to cater for the higher VAT rate introduced at the time.

The gas division was privatised last year. However, the agreement with Gasco Ltd stipulates that Enemalta has to continue providing the service for three years, after which the distribution and supply of gas are to be assumed by the company.

Meanwhile, Enemalta also announced higher prices for its fuel products with unleaded petrol going up by 2c per litre and diesel notching a 1c per litre increase.

The upward revision for unleaded petrol cancels out the reduction seen at the beginning of March. At the time, petrol had dropped by 2c and diesel by 5c.

In a statement the Labour Party criticised the price increases and accused the government of being "socially and economically irresponsible".

The PL said that governments the world over were helping families and industry by reducing the price of energy.

"The opposition had repeatedly asked the government to speak clearly about the price of

gas and to negotiate a pricing policy before privatising the gas division but it ignored the calls," Labour said.

The PL also asked the government to explain clearly why fuel prices have gone up when the international price of oil has remained at the same levels.