

8 February 2022

JOINT MEDIA STATEMENT - WHAT A SHOCKING ELECTRICITY SHOCK !

This is a joint statement by the following associations:

- Building Management Association of Malaysia (BMAM)
- Bumiputra Retailers Organisation (BRO)
- Industries Unite (IU)
- Malaysia REIT Managers Association (MRMA)
- Malaysia Retail Chain Association (MRCA)
- Malaysia Retailers Association (MRA)
- Malaysian Association of Film Exhibitors (MAFE)
- Malaysian Association of Theme Parks & Family Attractions (MATFA)
- Persatuan Pemilik Restoran dan Bistro (PPRB)
- Persatuan Pengurusan Kompleks Malaysia (PPK) – Malaysia Shopping Malls Association
- Real Estate and Housing Developers Association (REHDA)

The sudden and immediate implementation of the hike in electricity charges is shocking in so many ways...

1. It was announced without any discussions with stakeholders and consumers
2. It is to be implemented immediately on 1st February 2022
3. The hike is shockingly high of effectively more than 15% (or up to 25% hike on off-peak tariff)
4. ..and the Government has warned businesses not to pass on the cost of the hike to consumers.

Firstly, the hike is humongous and even in the best of times it is unlikely to be possible for businesses to absorb. At this critical juncture where all businesses, big and small, are still struggling in the survival and revival mode, this hike could be the death knell of many enterprises.

Similarly, consumers are all in very weakened financial state and trying desperately to recover and repair their livelihoods. The expected hikes in cost of goods and services especially essential goods and food, will further restrict and reduce the ability to purchase, resulting in dampened volumes and turnover. This is a snow-balling effect which will further depress the economic recovery.

We understand that fuel costs have escalated due to mainly supply chain interruptions coupled with geopolitical trade play. This energy situation is further aggravated due to the winter season and the current severe winter climate. Once the supply chain is restored and normalcy returns, market forces will cause the predatory pricing to recede and competition will prevail.

In this predictable short term disruption, it is more prudent for the government to intervene and support the temporary pain and not pass the burden on to the consumer.

This totally unprecedented humongous electricity hike together with the flow-on inflationary impact of all goods and services will become a new pricing regime which will not retreat even though the supply chain disruptions are overcome.

We appeal to the Government not to fuel and set the train of inflation further as currently even without this unprecedented hike in electricity but merely due to the supply chain disruption, the inflationary pressures are already being experienced by all consumers which is already hurting and adding to the suffering, woes and desperation of our rakyat.

In summary, we would like to appeal to the government to hold the decision of increasing the ICPT surcharge to re-assess any changes to the ICPT when the energy situation becomes clearer.