

22 December 2022

This is a joint statement by the following associations:

- Building Management Association of Malaysia (BMAM)
- Persatuan Pengurusan Kompleks Malaysia (PPK) – Malaysia Shopping Malls Association
- Federation of Malaysian Business Associations (FMBA)
- Malaysian Association of Theme Parks & Family Attractions (MATFA)
- Bumiputra Retailers Organisation (BRO)
- Malaysia Retailers Association (MRA)

HEFTY ELECTRICITY SURCHARGE – THE DEADLY SHOCK !

The entire Malaysia economy is still in the process of revival and has not yet even recovered from the pandemic challenges, but we have now been afflicted by the deadly shocker of an immense 540% increase in the electricity surcharges (from 3.7sen to 20sen), albeit not for SMEs and residential consumers! With this surcharge, the electricity bills of larger commercial consumers is expected to increase imminently and immediately of between 25% to 30%, depending on the electricity tariff class. As electricity comprises a very significant component of operational costs, it will mean an immediate and immense hike in operational costs once again, since the last electricity surcharge in March 2022.

It must be understood that our industry is by no means fully recovered from the drastic impact of the pandemic the past 2 years. Everyone in our all industries is still reeling from the shock that our operational costs will increase exponentially in the current inflationary hikes in all input costs, compounded with increase in wages and shortage of labour and the forecasted recession expected in 2023. As the increase in electricity is due to the transient cost of petrol and gas due to the Ukraine war, which is temporary in nature, and that any price increase of goods and services, once increased would not retreat when the situation normalises, we believe the Government should bear any temporary subsidies deemed necessary and not pass the temporary hikes to the production sector and ultimately to the consumers.

The estimated 25% to 30% hike in cost of electricity from the surcharge is far too substantial to be absorbed and has ultimately to be passed on to consumers, thereby resulting in even higher costs of living and the resultant compounding effect. Due to this increased cost of doing business in our industry, especially when we do not have sufficient time to adjust and adapt, our 'rakyat' will be negative impacted in their disposable incomes.

We might have survived the pandemic but are not sure we will survive the electric shock!

We sincerely urge the Government to reconsider the increase in electricity surcharge for the greater good of the national economic recovery.

Thank you.