

30 March 2022

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)

ELECTRICITY SURCHARGE – REELING FROM THE SHOCK

Reference is made to The Star article “The Electricity Surcharge Explained” (The Star 21.03.2022)

The recent hike in fuel cost is due to the world economy re-opening as the pandemic transition to endemic level causing temporary mismatch of demand and supply. It is not due to increase of pre-pandemic demand but more due to supply and logistic disruptions. The situation was also due to seasonal winter period where demand for heating is at its peak. The current situation is further compounded due to the Ukraine war. Things should normalise in due course.

The up to 15% hike in cost of electricity from the surcharge (up to 20% hike on off-peak rates) is far too substantial and has to be passed on to consumers. This will translate to higher cost of doing business and will be further translated into even higher prices due to the knock-on effect from raw materials, manufacturing, transportation, cost of holding stocks etc etc. This will compound further the already high inflationary pressures currently being suffered worldwide.

This multiplier knock-on impact will lead to far higher consumer prices than the electricity surcharge. This new pricing will not adjust downwards when the energy prices retreat and normalise. This will become the new pricing regime.

This will cause tremendous burden to the businesses and consumers alike who are already financially weakened from the after effects of the pandemic and lockdowns and Standard Operating Procedures (SOPs) etc. The lower purchasing power of the consumers will lead to slower trade and volume and will hamper the time for recovery and decrease the chance for revival and survival.

In order not to further fuel the current inflation, and that this hike is due to temporary supply factors, we urge the Government to bear the temporary pain instead of passing on to consumers in the form of the electricity surcharge. This will ameliorate and not compound the

inflationary pressure with cost of production and cost of living leading to better chances for consumers, businesses and ultimately the economy to revive and recover.

We urge the Government to reverse and withdraw the electricity surcharge and for the Government to carry this temporary burden for the wider good of the national economic recovery.

Thank you.