



Persatuan Pengguna Pulau Pinang Consumers Association of Penang

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Press Statement

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ELECTRICITY SUBSIDIES Malaysia is Moving in the Right Direction

The Consumers Association of Penang (CAP) welcomes Prime Minister Anwar Ibrahim's announcement on 15 May 2023 that households that guzzle electricity will no longer be enjoying subsidies.

According to a media report in August 2022, the government was expected to spend RM6.51 billion in electricity tariff subsidies for that year. Under across-the-board subsidies, the affluent Top 20 (T20) of the population will benefit more than the Bottom 40 (B40) and Middle 40 (M40) households because they consume more electricity by using power-hungry electrical appliances such as air-conditioners.

Therefore, we agree that T20 households using numerous and high energy-consuming appliances should pay non-subsidised electricity rates. If they want to cut the cost of their electricity consumption, they can have the option to install solar panels.

The government is heading in the right direction in continuing its targeted subsidies of the B40 and M40 households while those in T20 can pay for their luxurious lifestyle or otherwise have to scale it down.

When electricity prices (September 2022) are compared across nine of the 10 ASEAN countries, Malaysia's household electricity is the third cheapest after Myanmar and Laos.

We also agree with the suggestion that subsidised rates for B40 and M40 households will be maintained by way of offsetting the cost by charging higher rates for major factories. Those in the agriculture sector or SMEs will be spared any increase. Those in high-value manufacturing can pay for dearer electricity.

The entire objective of targeted subsidies is to ensure that whatever subsidies given by the government have to benefit the right category of people and also to drastically reduce leakages.

Malaysia needs to produce high-quality graduates to meet the needs of knowledge industries as evidenced by Bayan Lepas Free Industrial Zone which started in the early 1970s.

The latest available statistics on micro-, small and medium-sized enterprises (MSMEs) showed that there were 1,258,763 establishments contributing to 37.4% of Malaysia's overall gross domestic product (GDP). MSMEs will not be affected by the increase. It would also be the same for the critical agricultural sector which the country urgently needs to stimulate food production.

Mohideen Abdul Kader
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