

Headline	Tariff hike will hit firms hard		
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'Tariff hike will hit firms hard'

KOTA KINABALU: The Federation of Sabah Industries (FSI) foresees a severe impact on the state's industrial and commercial sectors with the five sen increase in electricity tariff next year.

Its honorary secretary, Yap Cheen Boon, said the increase from 29.52 sen per kWh would severely erode the bottom line, if not the viability, of businesses.

"Industrial or commercial groups are heavy users of electricity. For most businesses in Sabah, power is a major part of operational costs and this increase will severely impact on the costs of doing business.

"Businesses in Sabah have traditionally suffered from higher costs of doing business compared with their Peninsular Malaysia counterparts," he said yesterday.

In announcing the tariff revision on Monday, Sabah Electricity Sdn Bhd said the increase from 29.52 sen per kWh to 34.52 sen/kWh was needed to sustain its operations in view of cost challenges.

In the peninsula, the electricity tariff will rise by 4.99 sen to 38.53 sen per kWh.

Yap said with unresolved hindrances, such as cabotage policy leading to high logistical costs, limited market exposure and the recently enforced minimum wage, the tariff hike would compound the difficulties of doing business.

He said electricity supply had always been troubling and inconsistent in the state, with erratic power generation and weak electricity transmission network.