

Tariff hike: Inflation to rise 0.27%

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The government expects inflation to rise by 0.27 per cent following the power tariff increase announced today, says Minister in the Prime Minister's Department, Nor Mohamed Yakcop.

"This (the increase) is a quarter of one per cent," he said at a joint press conference with the Minister of Energy, Green Technology and Water, Peter Chin Fah Kui.

Annual inflation in April was 3.2 per cent.

"The increase in tariff for 75 per cent of the population is zero so the subsidy is focused on those who really needs it," Nor Mohamed said.

The government today increased the electricity tariff and natural gas price as part of the subsidy rationalisation plan.

It gave Tenaga Nasional Bhd the nod to increase rates by as much as 2.23 sen per kilowatt hour (KWh) from June 1, the first increase since 2008 when it raised the tariff by 24 per cent.

It also said natural gas prices would increase by RM3 per million British thermal units every six months until 2015, which would cut its gas subsidy costs to RM25.64 billion from RM27.22 billion.

Asked on food prices increase following the tariff increase, Chin said business like cottage industry would not feel the pinch because their usage was 0-300 KWh.

"If they are commercial operations, the (electricity usage) above the 200 KWh, they will feel the pinch which is only up to a maximum of 10 per cent," he said.

For those low-voltage users like retailers, shoppers and small restaurant operators who used less than 200 KWH a month, the maximum rate of increase would be RM4.60 a month, he said.

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