

**Price reductions : government should move first**  
**Malaysiakini.com**  
**Oct 3, 2008**  
**Albert Tan Beng Chew**

Pak Lah had on Oct 17 called on the consumer to start the ball rolling to kick-start the reduction of prices of goods and services after the reduction of petrol and diesel prices in line with the global crude oil price slumped to its lowest level in 15 months.

Pak Lah as the Malaysian prime minister (PM) should take the lead in walking his talk by first reducing the energy tariffs for electricity supply by Tenaga Nasional Berhad (TNB). He should also lower the cost of fuel for public transportation vehicles and the cost of cooking gas supplied to the consumer which the government controls under the Price Control Act.

Tenaga Nasional Bhd (TNB) has posted its first quarterly net loss in four years as its earnings were eroded by higher coal prices, independent power producers' (IPPs) cost and a weaker ringgit. It posted a net loss of RM282.9 million in the fourth quarter ending Aug 31 compared with a net profit of RM168.4mil in the previous corresponding period even though there were hikes of energy tariff and the continued slide of crude oil price.

TNB's top management must be held responsible and accountable for this disgraceful poor performance and showing by TNB. There is an urgent need to change government policies and rectify the loop holes in the contract the government signed with the IPPs.

The government must not make the same mistake twice by extending the concession period for power plants operated by independent power producers (IPPs). TNB is still making huge payouts to the IPPs with renegotiations of the power purchase agreements (PPAs) nowhere in sight. The first IPP concession agreements will only end in seven years.

The government has suspended the proposed re-negotiations of the PPAs pending the creation of a national energy policy aimed at charting the industry's direction until 2030. Since the concession agreements still have a long way to go, it is high time and long overdue for a renegotiation of a supplementary agreement with IPPs to share the burden of TNB in overcoming the lopsided agreement .

Given the challenges the industry faces, the country desperately needs a carefully crafted national energy policy that looks beyond fuel sources and in a wide diversification to consider crude oil, solar energy, wind power, water and other renewable energies as alternative sources to avoid over dependent usage of single energy fuel and falling victim of energy source suppliers.

On the prospects for FY09, TBN says there were significant challenges with the commissioning of the 1,400MW Jimah power plant (thereby raising capacity payments and the reserve margin from the current 40.8% to 47%) with the rising average coal prices. This reserve margin of 47% is too much amount of energy being reserved and left to waste.

This policy of blatant wastage of public funds and hard earned monies cannot be accepted by the rakyat. As such the reserve figure must be considerably reduced to a acceptable lower level and be shared by all the IPPs and not forcibly passed onto the consumer.

Palm kernel oil price has also fallen to all time low at RM1,700 per ton lately and is still continuing to drop due to global economic conditions drifting towards an economic

slowdown and recession but the local cooking oil market remains fixed under the Price Control Act.

This law was enacted to control prices of commodities to preserve a stable price in the interest of the consumer but now this has been abused by the government to protect the corporate interest at the expense of the poor rakyat with the lame excuse of protect 'national and economic interests'.

The manipulated high prices for cooking oil must be lowered and is long overdue. How much longer must the rakyat be forced to pay and be victimised? The government must stop its unethical practice of supporting and manipulating the global palm kernel oil prices just for the rich international corporations at the expense of the local consumers and rakyat.

Let the market forces of demand and supply have a free hand in deciding the commodity prices fairly and equally, free from manipulation, speculation and discrimination. This will kick-start a chain reaction for the deflation of goods and services and stimulating the economy by making the cost of commodities and services cheaper by increasing the purchasing power of money parity.

The rakyat will then improve their living standard in lowering their cost of living with hope of saving some money for the rainy days.

Crude oil prices at record heights had brought hardship to the people globally and with the reduction of crude oil prices back to half its peak at US\$148 will definitely bring down the prices of commodities and services.

This is a golden opportunity for the BN governance to prove their worth and capability and show their true colours in bringing about the golden economic era of Malaysia back for all the rakyat irrespective of race, colour and religion to be shared equally and fairly. If BN were to fail, it would become irrelevant, redundant and history.

Copyright © 1999-2007 Mkini Dotcom Sdn. Bhd.  
Source : <http://www.malysiakini.com/news/92358>