

Govt looking into bringing back RON92 fuel as a cheaper option

KUALA LUMPUR: The re-introduction of the RON92 fuel is being considered as a cheaper petrol option for the public.

"A study is being done on whether it is viable for engines of cars today.

"If yes, then why not," said Finance Deputy Minister Datuk Ahmad Maslan at a press conference after witnessing the signing of a memorandum of understanding between Sersol Bhd and the Malay Contractors' Association Malaysia yesterday.

The RON92 fuel was phased out in 2009 in favour of RON95, which has a higher research octane number (RON). The higher the octane number, the more compression the fuel can withstand before detonating.

RON92 was most commonly used by motorcycles while RON97 is more suitable for premium and high-performance vehicles.

During the 2009 phase-out, fuel subsidies were revised to keep RON95 prices affordable for those within the lower- and middle-income group.

On Monday, the Government announced a 20 sen per litre increase for RON95 petrol and diesel as part of its measures to rationalise subsidies - so that the country's fiscal deficit can be narrowed.

By reducing the subsidy, the

Government expects to save RM1.1bil between September and December this year and RM3.3bil annually.

Meanwhile, a fuel company spokesman said most cars could accept higher RON but not all could accept the lower RON.

"It is a big question mark whether the newer cars on the road can accept RON 92, as fuel of this grade was phased out in the country four

years ago.

"Customers can check the fuel lid cover for information on minimum octane rating for the respective vehicle," said the spokesman, the marketing manager of a petrol company.

The fuel company spokesman said that so far, there has been no discussion among the top management on possibilities of selling RON92 in the market.

New homes to cost 10% more

Fuel price rise and crackdown on illegals affecting construction sector

By **MARTIN CARVALHO**
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PETALING JAYA: People looking to own a house any time soon will have to pay at least 10% more for their dream home, according to developers.

They said the increase was due to the double whammy that has hit the construction industry - higher costs of building materials resulting from the 20 sen rise in the price of RON95 petrol and diesel and absenteeism among foreign workers because of the nationwide crackdown on illegal immigrants.

Real Estate and Housing Developers Association of Malaysia president Datuk Seri Michael Yam Kong Choy said the failure of foreigners to turn up for work was causing delays, thus adding to costs which contractors were certain to

push to consumers.

He added: "The raids on construction sites have frightened even legitimate migrant workers who are staying away."

"This also happened in past raids. Legitimate migrant workers simply did not turn up for work or delayed their return from their country until the storm blew over.

"Because of the shrinking supply of workers, developers have to pay more for labour to meet contractual deadlines, failing which they will be penalised."

Developers are bound by the Sales and Purchase Agreement and will have to pay compensation to buyers for late delivery, Yam said, adding that contracts in the private sector were awarded with no provisions for price adjustments.

While acknowledging the need

to flush out illegal immigrants, he said any reduction in the number of workers would hurt developers.

On the fuel price hike, Yam said it affected the supply chain of the construction industry, involving more than 100 types of business.

Master Builders Association of Malaysia president Matthew Tee said members were complaining that their legal workers whose documents were being processed were staying away for fear of being arrested.

"Our understanding is that all foreign workers will be detained unless they can prove that they have proper documentation," he said.

"This can be difficult as their documents may still be with their employer or immigration pending the affixing visa of stickers by

the authorities."

He added that there had been cases in the past of legal workers being detained for up to 14 days.

Tee hoped that there would be no recurrence of such instances, and warned against a repeat of the situation in 2002 when the construction industry was brought to a standstill due to a shortage of workers.

In **George Town**, the Penang Master Builders and Building Materials Dealers Association says it expected construction costs to rise by 3% to 5%.

Association president Datuk Lim Kai Seng said the cost of transportation was likely to rise 10% to 20%, and the prices of sand and cement by between 5% and 10%.

He said that cement now cost RM17.50 per 50kg while sand sold for RM70 per cubic metre.

Cement industry set to feel impact of petrol hike

PETALING JAYA: Cement maker Lafarge Malaysia Bhd said the increase in fuel prices would have a definite effect on the cost of its products.

"The increase would naturally have an impact on businesses in terms of transportation cost for both production and delivery to the market," said a spokesman from the company.

"We understand the need for this subsidy rationalisation exercise by the Government. We are evaluating the overall impact of the fuel price increase to our businesses before taking appropriate measures."

Lafarge Malaysia, which built its first cement plant in 1953 in Rawang, is one of the largest cement producers in the country.

Currently, the company is a cement supplier to the KLIA2 project and the Manjung and Tanjung Bin power plant projects.

Petrol hike may push up motorcycle sales

JOHOR BARU: More Malaysians are beginning to own both a car and a motorcycle.

A motorcycle dealer here believes the trend will now go into overdrive following Tuesday's hike in the price of RON95 petrol and diesel.

Tropicana Motorworld (M) Sdn Bhd chief executive officer Elwin Hong, 50, said his company was now anticipating a 30% rise in motorcycle sales at the end of the month.

"Malaysians in general are already feeling the pinch and the increase in petrol will involve extra costs in their monthly spending," he told *The Star* here yesterday.

He said with their lower fuel consumption and lower overall outlay, motorcycles were an attractive alternative to cars.

"There is already a growing trend where Malaysians own two vehicles - a car and a motorcycle," said Hong, who has eight motorcycle show-

rooms, including in the Klang Valley and Penang.

Hong said that another factor prompting many car owners to consider motorcycles was the inefficient public transportation system.

"Getting into a taxi nowadays is quite expensive while the services of public buses are not reliable as they normally do not adhere to their schedule.

"With a motorcycle, they are able to go from one place to another while saving petrol.

"Even bad traffic conditions are not a problem for motorcycles," he said.

Hong said that it only costs about RM7 to RM10 for a full tank in a 100cc and 250cc motorcycle respectively, adding that the price for a brand new motorcycle such as the Honda EX5 or a scooter started from as low as RM4,000.



Attractive alternative: Technician Anand Ganesan, 31, inspecting new motorcycles at a showroom located along Jalan Tebrau in Johor Baru.

RON97 price to go up by 15 sen today

KUALA LUMPUR: The price of RON97 petrol goes up by 15 sen per litre today, bringing its price to RM2.85 per litre.

The official announcement is expected to be made later today.

However, Petrol Dealers Association of Malaysia president Datuk Hashim Othman disclosed the price rise to *The Star* late yesterday.

He declined to comment further until the official decision is announced.

When asked about the matter, Domestic Trade, Co-Operatives and Consumerism Minister Datuk Hassan Malek said: "Seems you know more about it than me. I can't confirm or deny. Just wait for the announcement."

The price of RON97 peaked at RM3 per litre in September last year.

MRT and LRT projects to tighten margins due to fuel price rise

By **SHARIDAN M.ALI**
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PETALING JAYA: Construction companies currently involved in two of the biggest public transportation infrastructure projects - the RM23bil Mass Rapid Transit (MRT) project and RM7bil Light Rail Transit (LRT) extension project - will have to work on tighter margins in light of the current fuel price rise.

MRT Corp CEO Datuk Azhar Abdul Hamid said the corporation was quite insulated contractually under which construction companies were expected to bear the cost.

"Our contract is a lump sum contract and we expect no revision to the overall cost.

"Nevertheless, from a business point of view, we are quite sensitive on any price rise," he told *The Star*.

Azhar said fuel price in the country was still among the cheapest in the region.

It has been reported that 23.78% of the first of three MRT lines had been completed by the end of July with 30% scheduled to be completed by the year-end.

Among the companies involved in the MRT line 1 are MMC Corp Bhd and Gamuda Bhd in a joint venture for the RM8.28bil tunnelling work

package, the single largest work package in the multi-billion-infrastructure project.

MMC Gamuda KVMRT (T) Sdn Bhd teamed up with German-based Herrenknecht AG to buy six variable density tunnel boring machines for RM360mil earlier this year.

The MRT line 1, which spans 51km from Sungai Buloh to Kajang, has 85 packages.

As for the LRT project, Syarikat

Prasarana Negara Bhd group managing director Datuk Shahril Mokhtar said construction cost had been agreed to by the contractors who would have to bear the cost.

"Of course their margin may be tighter now but I hope, even after this oil price rise, they would still continue to deliver their work at optimal productivity level," he said, adding that the extension was about 40% completed.