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'Fuel discounts may be in the pipeline'

Those in urban areas set to benefit once weekly price announcement starts, says PDAM

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PETALING JAYA: Motorists in urban areas will likely get fuel price discounts from petrol dealers once the system of weekly price announcements starts on Wednesday, said the Petrol Dealers Association of Malaysia (PDAM).

Association president Datuk Khairul Annuar Abdul Aziz said the discounts would be in line with the announcement by Domestic Trade, Co-operatives and Consumer Affairs Minister Datuk Seri Hamzah Zainuddin.

Hamzah had said that petrol station operators could either follow the set ceiling price under the new system, or offer lower fuel prices for promotional purposes, provided they obtained prior approval from the ministry.

Under the new system, weekly fuel prices will be announced every Wednesday and the new price will be enforced the next day.

Asked on the rate of discounts, Khairul said it was too early to figure out as petrol kiosk operators have yet to be briefed on the new mechanism.

"We don't know how much dis-

count we can apply for and for how long – whether we can apply for the whole year, just once, or for a short period," said Khairul, adding that dealers expect the ministry to brief them by Wednesday.

Khairul said urban petrol kiosk operators may be able to offer lower petrol prices for promotional purposes, but rural station operators could not afford to do so due to their lower sales volume.

He explained that some rural station operators currently made a monthly profit of between RM4,000 and RM6,000.

"An operator who is allocated

300,000 litres of petrol a month and offers a one-sen discount would see his profit go down by RM3,000.

"If they give a two-sen discount, they will be finished as they will have no income."

Petrol station operator Datuk Abu Samah Bachik said many operators were anxious about the new system as they still did not have a clear picture.

"This is not just about the dealers. The oil companies need to agree on any discounts because they are the ones who will tell us the price we can sell at."

With the new system only days

away from being implemented, Abu Samah noted that none of oil companies have made preparations such as setting up electronic signboards at their stations to display the weekly prices.

Another issue that needs to be worked out is price-fixing.

"I assume that the oil companies will get to decide on how much discounts to offer during promotion periods, but in the event that everyone offers the same discount, will they then be accused of colluding to fix prices in violation of the Competition Act?" Abu Samah asked.