

Hauliers lament potential loss of revenue

Posted on 25 November 2013 - 09:11am

Liew Jia Teng

sunbiz@thesundaily.com

PORT KLANG (Nov 25, 2013): Local container hauliers want action taken to resolve traffic problems in Port Klang and the shortage of diesel at petrol stations, saying they could stand to lose RM500 million in a year in revenue.

"The seriousness of these issues resulted in delivery productivity of hauliers to decrease by at least 20%, while an additional 20% of diesel consumption is wasted due to traffic congestion," said Association of Malaysian Hauliers (AMH) president Datuk Che Azizuddin Che Ismail told a news conference here on Friday.

About 5,000 container trucks moves in and out of Port Klang daily, he said, with each truck generating revenue of some RM1,500 per day.

"At the optimum level, hauliers would make a revenue of about RM225 million every month. However, the drop in productivity results in forgone revenue of RM36 million per month, while the additional diesel consumption brings a loss of revenue of RM3.5 million a month," said Che Azizuddin.

"Due to the combined impact of the two issues, the haulage industry is expected to see a revenue shortfall of RM39.5 million every month, compared with RM225 million that we could have been made.

"Within a year, we are talking about the loss (of revenue) of up to RM500 million," he added.

The ongoing construction of a bridge to link South Point and Northport has resulted in daily traffic congestion along Jalan Kem, Port Klang, with motorists and business operators reportedly describing the situation as messy. This problem is expected to continue at least until October 2014.

"Thus, (during this period) the presence of traffic police at all the affected junctions during day time is critical to ensure better traffic flow. Besides, proper maintenance of the roads and signage are also necessary," Che Azizuddin said.

For short-distance haulage, Che Azizuddin said, the current productivity rate for each truck is estimated at an average of two to three trips per day, lesser than the productivity rate of six trips per day prior to the start of construction work at Port Klang.

Long-distance haulage, however, is expected to maintain at one-and-a-half to two trips per day for each truck, as it is less expose to the Port Klang's traffic situation.

Che Azizuddin also said an upward revision of haulage tariff hike is not an option to offset the potential revenue losses.

"Most of the haulage players have signed contracts with their customers and we need to demonstrate our commitment. Therefore, we cannot increase the rates as we do not want to jeopardise the whole industry," he added.

Che Azizuddin also noted that hauliers face shortage supply of diesel due to the subsidised diesel quota, not only in Port Klang but also Penang Port.

"The problem, if left unchecked, will also have a significant impact on the import and export sector of the country," he warned.

Che Azizuddin believes that the current practise of reporting whenever there is a stock out is not practical as it is more of a "fire fighting" technique.

"Our association, with over 80 members that represent 80% of the market share, has had a few meetings with the Domestic Trade and Consumer Affairs Ministry to resolve this issue. One of the recommendations made includes making it easier for our members to have skid tanks at their premises to avoid competing with other users at petrol stations," he said.

Given a positive response to the proposal, it has yet to obtain approval from Ministry of Finance as part of the new government policies.

"We will put something on the table to the Ministry of Finance in the next one to two months," he said.

Every day, at least 1.5million litres of diesel are consumed by the 5,000 trucks at Port Klang, with fuel tank capacity of 250 litres each.

Commercial users, including hauliers, currently pay RM2 per litre for the subsidised diesel, while industrial players pay RM2.40 per litre.

Without subsidy, the market price of diesel should range between RM2.40 and RM2.60 per litre, said Che Azizuddin.

Container hauliers **fear** potential loss of revenue

> Resolve traffic woes in Port Klang, diesel shortage as RM500m a year could be at stake, says association head

BY LIEW JIA TENG
sunbiz@thesundaily.com

PORT KLANG: Local container hauliers want action taken to resolve traffic problems in Port Klang and the shortage of diesel at petrol stations, saying they could stand to lose RM500 million in a year in revenue.

"The seriousness of these issues resulted in delivery productivity of hauliers to decrease by at least 20%, while an additional 20% of diesel consumption is wasted due to traffic congestion," said Association of Malaysian Hauliers (AMH) president Datuk Che Azizuddin Che Ismail (pic) told a news conference here on Friday.

About 5,000 container trucks moves in and out of Port Klang daily, he said, with each truck generating revenue of some RM1,500 per day.

"At the optimum level, hauliers would make a revenue of about RM225 million every month. However, the drop in productivity results in forgone revenue of RM36 million per month, while the additional diesel consumption brings a loss of revenue of RM3.5 million a month," said Che Azizuddin.

"Due to the combined impact of the two

issues, the haulage industry is expected to see a revenue shortfall of RM39.5 million every month, compared with RM225 million that we could have been made.

"Within a year, we are talking about the loss (of revenue) of up to RM500 million," he added.

The ongoing construction of a bridge to link South Point and Northport has resulted in traffic congestion along Jalan Kem, Port Klang, with motorists and business operators describing the situation as messy. This problem is expected to continue until October 2014 at least.

"Thus, (during this period) the presence of traffic police at all the affected junctions during day time is critical to ensure better traffic flow. Besides, proper maintenance of the roads and signages is necessary," Che Azizuddin said.



For short-distance haulage, Che Azizuddin said, the current productivity rate for each truck is an average of two to three trips per day, less than the productivity rate of six trips per day prior to the start of construction work at Port Klang.

Long-distance haulage, however, is expected to maintain at one-and-a-half to two trips per day for each truck, as it is less exposed to the Port Klang's traffic congestion.

Che Azizuddin also said a haulage tariff hike is not an option to offset the potential revenue losses.

"Most of the haulage players have signed contracts with their customers and we need to demonstrate our commitment. Therefore, we cannot increase the rates as we do not

want to jeopardise the whole industry," he added.

Che Azizuddin also noted that hauliers face shortage of diesel due to the subsidised diesel quota, not only in Port Klang but also at Penang Port.

"The problem, if left unchecked, will have a significant impact on the import and export sector of the country," he warned.

Che Azizuddin believes that the current practice of reporting whenever there is a stockout is not practical as it is more of a "fire fighting" technique.

"Our association, with over 80 members that represent 80% of the market share, has had a few meetings with the Domestic Trade and Consumer Affairs Ministry to resolve this issue. The recommendations made include making it easier for our members to have skid tanks at their premises to avoid competing with other users at petrol stations," he said.

Given a positive response to the proposal, it has yet to obtain approval from the Finance Ministry as part of the new government policies.

"We will put something on the table to the Ministry of Finance in the next one to two months," Che Azizuddin said.

Every day, at least 1.5 million litres of diesel are consumed by the 5,000 trucks at Port Klang, with a fuel tank capacity of 250 litres each.

Commercial users, including hauliers, currently pay RM2 per litre for the subsidised diesel, while industrial players pay RM2.40 per litre.

Without subsidy, the market price of diesel should range between RM2.40 and RM2.60 per litre, said Che Azizuddin.