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USE OF NEW OR RE-COND MACHINERY A MATTER OF AFFORDABILITY

By: Siti Hawa Othman

KUALA LUMPUR, Jan 24 (Bernama) -- The use of new, used or sometimes referred to as re-conditioned machinery for construction or engineering works, is a matter of affordability although there is a need to import less of these items to help narrow the nation's current account deficit.

Developers and suppliers interviewed by Bernama said contractors often employ new machines to complete their projects fast while used or re-conditioned ones are popular if one were to save costs.

Government leaders recently stressed on the need to import less and export more to help narrow the country's current account deficit.

Prime Minister Datuk Seri Dr Mahathir Mohamad had earlier extolled the merits of exporting more and importing less, especially of "unnecessary things", and cited earth-moving equipment as an example.

He said there are huge numbers of such equipment in the country, new or second-hand, but they are still being imported.

"New machinery is very expensive. Those re-conditioned are usually half the price," said Mohd Azam Yusoff, managing director of engineering firm, Exceltre Development Sdn Bhd.

A re-conditioned excavator, he said, could be bought at half its original price and could be used for another three to five years. "For a re-cond, you can get the spart parts easily and upgrade your machinery."

However, he said re-conditioned equipment alone are not enough to cater for the demand in the construction industry.

"Used machines, especially those run by hydraulics, would give a lot of problems. But, spare parts are still available", he added.

Despite this shortcoming, equipment using hydraulics are popular since they are tough and easy to move around, he said.

An official of a major supplier of heavy equipment said big contractors would often use new equipment as demanded by a particular project. Some projects, he added, needed to be completed fast and with quality.

The problem with using old used equipment is the difficulty in getting mechanics to repair faults eventhough getting spare parts is not a big deal, he said.

"First we have to check with the workshop, then dismantle the machines. The project may be delayed if the machines are lying in the workshop for five to six months for overhaul or testing while waiting for spare parts to arrive from overseas," he added.

He said most contractors would not take this kind of risk by using old equipment as they may not finish their projects on time.

Big corporations, he added, prefer new machines as they will have less headaches.

But sub-contractors usually cannot afford to get new machines and would try their best to get used heavy equipment.

"A bull dozer can last 20 to 30 years. A new one will run smoothly for five years but a fully re-conditioned one will also have 70 to 80 percent efficiency like the new one," the official said.

"For example, hydraulic excavators were not popular 10 years ago as the (construction) people were using wheel loaders or track shovels. Now, 70 percent of these items (wheel loeaders and track shovels) have been replaced by hydraulic equipment," he explained.

He said hydraulic equipment are cheaper but have shorter life-spans of about eight to 10 years.

Although such machinery are tough, their maintenance cost for hydraulic motors or pumps is high, he added.

An official from a public-listed company said his company used a mixture of old and new equipment in its construction projects.

New equipment posed less headaches while used ones have high maintenance costs, he said.

The use of equipment, old or new, would depend on the requirements of a particular project, whether it involved relatively light work or whether the wear and tear is high.

He said demand for both new and old machines was "fantastically high" last year due to a mushrooming of numerous mega projects but anticipated a slowdown this year. -- BERNAMA