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Petrol dealers to know outcome of request next week

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LOCAL petrol dealers are expected to know next week the outcome of their demand for an increase in commission rate by 4 sen to 10.18 sen a litre.

Industry sources said the issue reached the Cabinet meeting last week, and a decision on the matter will be made next Wednesday.

"Prime Minister Datuk Seri Dr Mahathir Mohamad who is also the Finance Minister is expected to announce the decision after the meeting," a source told Business Times in Kuala Lumpur yesterday.

The source is optimistic that more than 2,000 petrol dealers in the country will be satisfied with next week's announcement.

The Petrol Dealers Association of Malaysia (PDAM) has requested for an increase in petrol commission by 4 sen a litre from the Government, citing increasing operating costs as the factor.

Its president Alang Zari Ishak had said in a report that demand for the increase in petrol commission had no connection with the increase in petrol price of 10 sen announced in the Budget 2002 tabled on October 19.

He said the cancellation of the 10 sen per litre increase in the retail price of diesel effective on November 16 does not have any relation to the petrol commission issue.

Following the reduction in diesel price, the Government will have to subsidise about 22.76 sen per litre, an increase by 10 sen - from 12.76 sen previously. As such, the total subsidy to be borne by the Government is estimated at RM1 billion.

"PDAM's request for an increase in petrol commission by 4 sen is reasonable considering the last rate was adjusted in 1994 when we were granted with only a 1 sen increase," Alang Zari said.

He added that the association took under consideration every aspect before making the request such as maintenance cost and high expense including employment, bills and credit charge.

"We didn't make the demand because of the petrol price rise. A memorandum to demand an increase in petrol commission was sent last September before the Budget 2002 was tabled in the Dewan Rakyat," he added.

On November 9, Dr Mahathir Mohamad reminded petrol dealers not to use the fuel price increase issue as a reason to demand a higher commission.

Dr Mahathir said petrol dealers can request for an increase in petrol commission but should not use the raised price of petrol as their main reason.

In his Budget 2002 speech, the Prime Minister had said that the increase was to reduce the Government's financial burden; it had provided substantial subsidies totalling of RM4.4 billion, more than half of which were for petrol products.

At present, petrol dealers receive 6.18 sen a litre for petrol and 2.27 sen for diesel.

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