

Headline	Govt agrees in principle for utility firms to build own amenities — minister		
MediaTitle	The Edge Financial Daily		
Date	10 Oct 2018	Color	Full Color
Section	Home Business	Circulation	4,549
Page No	10	Readership	13,647
Language	English	ArticleSize	365 cm ²
Journalist	WONG EE LIN	AdValue	RM 4,001
Frequency	Daily	PR Value	RM 12,003



Govt agrees in principle for utility firms to build own amenities — minister

BY WONG EE LIN

PETALING JAYA: The government has agreed in principle for utility companies to build their own amenities as part of efforts to help property developers reduce compliance costs, which in turn should lower home prices, said Housing and Local Government Minister Zuraida Kamaruddin.

"We have spoken to the [various] ministries and at the ministerial level, they have in principle agreed [to this proposal]," Zuraida told reporters after the opening of the Real Estate and Housing Developers' Association Malaysia (Rehda) Housing Conference 2018 on "Housing in an era of change: A new direction" here yesterday.

She expected the proposal to come into play by 2019 after the approval of the new housing policy by the cabinet.

"Today, the prices of houses are high because of the imposition of premiums on the land and also the development and compliance costs [imposed]," she said, adding that compliance cost alone takes up about 20% to 25% of the building cost.

"As such, we are trying to get them (utility companies) to construct their own utility base in housing areas. Previously, this cost was passed on to developers, but [soon] each agency will be responsible for their own amenities. With this, we hope it will reduce construction prices, which will then reduce home prices," Zuraida added.

Citing an example, Zuraida said while Tenaga Nasional Bhd (TNB) currently builds its own substations in housing developments, the construction cost is borne by developers.

"[Soon], this [construction] cost will be passed back to TNB because utility companies are the ones that are going to collect revenue from electricity bills," said Zuraida, adding that this will be the same for water and telecommunications companies.

"The holistic approach propagated by the ministry is that the utility companies bear their own infrastructure cost, which will help lower the cost of construction, and that is one sure way that the development cost [of the property] will come down," said Rehda Institute chairman Datuk Jeffrey Ng Tiong Lip.

"I'm very sure that [for] most of the developers here, when the overall development cost comes down, it will surely mean that the house

prices, can in fact, come down, and in the case of affordable houses, the prices can be built within the targeted affordable threshold," Ng added.

Zuraida was responding to Rehda deputy president Datuk Khor Chap Jen's opening keynote speech, where he suggested that private utility companies should not be imposing capital contribution charges on developers as the latter are already required to lay infrastructure in their development projects and bring in new customers to the utility companies.

He was referring to utility companies such as Syarikat Bekalan Air Selangor Sdn Bhd, Indah Water Konsortium Sdn Bhd, TNB and Telekom Malaysia Bhd.

"These utility companies should revise their own capital to be recovered via tariffs based on consumption or through federal funding from general taxation," said Khor.

Noting that the housing affordability issue is a global dilemma, Khor said the costs of doing business in property development had been increasing significantly over the past few years, contributed not only by higher cost of construction and high land prices, but also the imposition or introduction of various charges and financial as well as planning requirements.

"This has put tremendous pressure on developers' business model, making the provision of sufficient affordable housing an uphill battle," he said, adding that there is an urgent need to review and lower down or abolish unnecessary charges or requirements with the objective to reduce the costs of doing business, so that the savings can be passed on to house buyers in the form of more sustainable priced housing.

Khor also suggested that requirements for huge amounts of deposits should be reviewed as such deposits are adversely impacting the project cash flow of developers.

"The impact is especially felt more severely by the bigger [property] players as they undertake projects with bigger gross development value and these corporate companies may have many ongoing projects at any particular time.

"Such deposits are invaluable resources tied up unproductively with the banks and onerous for developers which have over the years successfully delivered completed houses to their purchasers in a timely manner and have proven their good track records in the industry," he said, adding that these resources could have been productively and efficiently utilised for new investments instead.

Headline	Govt agrees in principle for utility firms to build own amenities — minister		
MediaTitle	The Edge Financial Daily		
Date	10 Oct 2018	Color	Full Color
Section	Home Business	Circulation	4,549
Page No	10	Readership	13,647
Language	English	ArticleSize	365 cm ²
Journalist	WONG EE LIN	AdValue	RM 4,001
Frequency	Daily	PR Value	RM 12,003

