

PRICE CONTROL OF CONSTRUCTION MATERIALS AND ITS IMPACTS ON
CONSTRUCTION PROJECTS

BONG HUI YII

A dissertation submitted in partial fulfillment of the
requirements for the awards of the degree of
Bachelor of Quantity Surveying

Faculty of Built Environment
Universiti Teknologi Malaysia

MAY 2011

ACKNOWLEDGEMENT

I would like to take this chance to record my appreciation to those who has been helping me throughout the research.

First of all, I would like to thank to Prof. Ahmad Rosdan Razak who is my research supervisor. Prof gave a lot of advices regarding to my research especially the way I collect and analyze the data. I also would like to thank to Mr. Norazam Othman as my second reader for my research. He gave me a lot of comments and useful ideas regarding to my research and encourage me.

Other than that, I would also like to thank my family and for their precious support for me to this study. I would like to thank my seniors for helping me and gave a lot of useful information and impressive ideas regarding to my research. I also would like to thank to Pok Jing for his encouragement.

Lastly, I would like to thank all my friends for their support and dedication in helping me to complete this research. Thank you very much.

ABSTRACT

The Enforcement Division was established on 17 April 1972 under the Ministry of Trade and Industry with the objective to help the Malaysia Government to control inflation. Price Control Act 1946 is one of the acts of trade that enforced by Enforcement Division. In addition, price control is a maximum or minimum price for essential items is enforced by government. Cement and steel bars are the controlled items of price control in Malaysia. Cement has been controlled by the Malaysian Government since 1995 and the steel bar has been controlled by government for more than 36 years. Government Control Price (GCP) on cement and steel bars has been rising in last 10 years. But, the Government Controlled Price on the cement and steel bar are seen not to stop the inflation. The objective of this study is to identify the impacts of the construction materials of price control towards the construction projects. The respondents of this study are randomly chosen from the sample and the respondents on this study are the contractors in Johor Bahru. This study is carried out through questionnaire and all data were analyzed by using Microsoft Excel 2007. The results indicated that there are five significant impacts of the price control of construction materials towards construction projects in Malaysia such as fluctuation price of materials under price control, shortage of construction material under price control, high contractor's burden cost, delays in delivery of ordered materials and delays of projects.

ABSTRAK

Bahagian Penguatkuasa, Kementerian Perdagangan Dalam Negeri dan Hal-Ehwal Pengguna telah ditubuhkan pada 17 April 1972 bertujuan untuk membantu kerajaan Malaysia mengendalikan inflasi. Akta Kawalan Harga 1946 adalah salah satu tindakan perdagangan yang dikuatkuasakan oleh Bahagian Penguatkuasa. Harga kawalan adalah harga maksimum atau harga minimum untuk barang-barang kawalan yang dikuatkuasakan oleh kerajaan. Simen dan keluli besi adalah bahan binaan yang dikendalikan kawalan harga. Selanjutnya, simen telah dikendalikan oleh kerajaan sejak tahun 1995 dan keluli besi telah dikendalikan oleh kerajaan selama lebih dari 36 tahun. Kawalan harga pada semen dan keluli besi telah meningkat selama 10 tahun. Namun, kawalan harga tidak begitu berjaya menangani inflasi. Objektif bagi kajian ini adalah mengenalpasti kesan-kesan daripada bahan binaan yang dikawal terhadap projek-projek pembinaan. Responden bagi kajian ini adalah kontraktor di kawasan Johor Bahru. Data-data yang diperolehi dianalisis dengan menggunakan Microsoft Excel 2007. Keputusan kajian menunjukkan bahawa terdapat lima kesan daripada bahan binaan kawalan terhadap projek-projek di Malaysia. Antara kesannya adalah naik turun harga bahan binaan kawalan, kos tanggungan kontraktor yang tinggi, kekurangan bahan pembinaan, penangguhan projek dan kelewatan menerima bahan binaan.