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PM: Toll rate hike unavoidable (HL)

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KUALA LUMPUR, Tues. - Datuk Seri Dr Mahathir Mohamad said today the Government has no choice but to raise toll rates on four main expressways in the country so that its funds can be used for other projects, including rural development.

The Prime Minister said if the Government did not allow highway concessionaires to increase the tolls, the Government would be forced to pay them compensation as stipulated in the agreements.

Last year, the Government paid out RM240 million in compensation to the highway concessionaires after it rejected their application for an increase in toll rates.

Dr Mahathir, however, said the increase would only be nominal and would not be a burden to highway users.

"It's only a slight increase as the Government is absorbing 60 per cent of the actual toll charges," he told reporters at his Hari Raya open house at his Seri Perdana official residence.

He was asked to comment on the announcement by Works Minister Datuk Seri S. Samy Vellu on Friday that toll charges for four expressways would be increased after the Chinese New Year next month.

They are the North-South Expressway, Elite Expressway, Shah Alam-Klang Expressway and Kulim-Butterworth Expressway.

Various groups, including the Federation of Malaysian Consumer Associations, Malaysian Youth Council, Members of Parliament and political parties, have objected to the increase.

"When we privatised these highways, we agreed on increasing tolls to help the concessionaires pay for their investments. The Government bears 60 per cent of the toll rates. It will not burden the public."

Dr Mahathir said if the Government did not subsidise the toll rates, the road users would have to pay much more.

"We don't make the people suffer," Dr Mahathir said.

Samy Vellu when met by reporters at the open house said the decision to allow the concessionaires to increase the rates was a collective Government decision.

"The increase would be minimal. It is only a question of a few sen more, not a few ringgit more.

"If we don't do that, the Government will have to borrow more and stop all other development projects just to pay the compensation," he said.

Samy Vellu said the other option was to extend the concession period, which would mean that concessionaires could recover their investments over a longer period of time.

"But that won't work because no bank will lend money for 30 years. All bank loans will have to be settled by 15 years.

"So, an extension of the concession (period) will not solve the problem," he said.

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