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RM100m windfall for PLUS

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PROJEK Lebuhraya Utara-Selatan Bhd (PLUS) can expect a windfall of more than RM100 million before its concession period ends in 2030, and it will have nothing to do with toll collection.

The extra cash is literally growing on trees. Since 1995, PLUS has been planting teak saplings alongside the North-South Expressway as part of a beautification programme, and there are now sufficient number of these trees to afford harvesting at a later date.

Not bad for an effort only meant to make a drive along the highway more pleasant, particularly when all costs relating to planting and maintenance have been discounted.

PLUS chief operating officer Mohd Hussein Abdul Hamid said the idea of planting commercially valuable teak, or "Jati", trees instead of merely decorative ones in fact came from Prime Minister Datuk Seri Dr Mahathir Mohamad back in 1988.

"The plan was to project an eco-friendly image and to green the highway, while deriving some commercial returns," Hussein said in an interview recently.

The initial batch of trees were planted by the Malaysian Highway Authority, along the first stretch of the expressway that ran from Bukit Kayu Hitam, Kedah, to Jelapang, Perak.

PLUS continued the practice southwards in 1995, and completed its teak planting scheme two years later, after running out of highway in Skudai, Johor.

"The pioneer trees, about 2,000 of them, are still there," Hussein said, but they could not be harvested by PLUS because they technically still belong to the Government.

In addition, given the poor soil quality, the 12-year old trees cannot quite yet make up the minimum processing volume, of 100 tonnes a day for at least 20 days, that is acceptable to sawmills.

Poor soil is again the reason why PLUS did not plant even more trees in its right-of-way stretches, the land reserved for road expansion on both sides of its 847km of highway.

Even then, Hussein said, PLUS can expect to fetch RM300-RM500 per tonne from the timber, although the going rate for good teakwood is about RM3,000 a tonne.

And with 560,000 trees having been planted, and weighing a tonne each at harvest time, the numbers add up to a tidy sum.

PLUS has contracted out all of the work to five companies that do everything from buying and planting the seedlings, minding the growing trees, to sending the harvested timber to the sawmills.

According to Hussein, PLUS pays the contractors RM3.5 million each for a contract period of three-and-a-half years.

"The seedlings, costing about RM6 each, are of the Jati Emas type that comes from Thailand. It is one of the most expensive hardwood and is used for making chair and table legs, wooden ornaments, and high-end furniture," he said.

After the contract period, PLUS will pay the contractors 80 sen per tree a month to maintain the plants, bringing the total cost of each tree to about RM35 each, from seedling to harvest time, Hussein said.

Best of all, PLUS has also arranged for the contractors to replace fallen trees, free of charge. In return, the contractors will receive a 30

per cent share of the net revenue from the sale of the teakwood on top of their contractual fees.

"The first three years generally pose the most problems... older trees need only be watered and tended to when disease strikes," Hussein said.

And disease is not a big problem, except for a pest that seasonally attacks the leaves and stain them brown.

Housing or road developers that need to encroach on PLUS' right-of-way and cut any of its teak trees will have to pay the company RM1,000 for each tree felled.

In about five years, Hussein said, PLUS will be able to harvest about 30 per cent of the trees, and about 80 per cent of the remaining trees five years after that.

"The harvesting schedule is based on Thai experience. This is to make sure the trees achieve sufficient wood strength and girth," Hussein said.

To have commercial value, the trees need at least 10 years to reach a minimum girth of 8cm, Hussein said.

The rest of the trees, numbering about 78,000, will be left standing to beautify the highway and PLUS does not intend to replant those harvested.

"It is after all not our core business, but only part of our landscaping project," Hussein said. Here, the Bunga Raya would be just as appropriate, but patriotism aside, the hibiscus does not do anything for the bottomline.

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