

Govt yet to decide on LRT takeover: PM

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RAWANG, Mon: The government has yet to decide on whether to buy the Putra and STAR light rail transit (LRT) services, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said the government is studying the problems faced by the two companies so that they can be turned into viable business concerns.

The planned takeover was announced by the Finance Ministry last year.

It proposes to raise RM6 billion by issuing five to 15-year bonds with an interest rate of 5.8% to 7.2%.

The money will be used to acquire the assets of STAR and Putra.

STAR is owned by a local consortium whose main shareholders are Kuala Lumpur Transit Group, Pension Fund and the Employees Provident Fund, while Putra is owned by Renong Bhd.

Speaking to reporters after launching the Monorail Malaysia Production Train owned by MTrans Holdings Sdn Bhd, Mahathir said STAR and Putra-LRT cannot make profits because they are unable to increase their fares.

Both companies are unsuccessful financially as they are not allowed by the public to charge the full fare. It is the government's policy not to burden the people.

However, if the companies are allowed to increase the fares, they will be very successful as Putra-LRT carries about three million passengers every month, he said.

"They can make money if they are allowed to increase fares, but the public feels that they should have a service which is world class, but are not quite willing to pay world class fares."

Giving an example, he said the Putra-LRT line is 29km and commuters pay less than RM3 from one end of the line to the other.

"If the people take the train from Kuala Lumpur to the KL International Airport, it will cost RM35, which is less than double the distance."

In his speech earlier, the prime minister said the government is willing to give encouragement, rather than help, to local companies which are involved in manufacturing.

He said the government wants local companies to pro-

duce things for local consumption as well as for export, and he hoped that Malaysia will be able to produce trains for the export market.

MTrans Holdings Sdn Bhd, the owner of Monorail Malaysia, is to supply 24 coaches to the KL Monorail project once the system starts operation in July next year.

MTrans chairman, David Chew, said the company is also planning to export the trains, and is looking at China for its first foreign venture.

Chew said the monorail trains manufactured by the company cost 50% cheaper than imported ones.

The company spent RM1.1 billion developing the monorail system, and is hoping to launch an initial public offer as soon as possible.