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PM: Govt will compensate LRT operators

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THE Government will compensate Projek Usahasama Transit Ringan Automatik (Putra) and Sistem Transit Aliran Ringan (Star) if it takes control of their light rail transit (LRT) networks.

"We (the Government) will compensate at the amount that we should give. But we have not worked it out," said Prime Minister Datuk Seri Dr Mahathir Mohamad told newsmen after chairing the first Malaysian Aerospace Council (MAC) meeting in Putrajaya yesterday.

Dr Mahathir was asked to comment on a report in the Asian Wall Street Journal yesterday that claimed that the Government would not compensate owners of the LRT systems.

According to the report, some bankers feared such a decision could involve the Government in a massive legal dispute over the privatized projects.

The Prime Minister confirmed that the Corporate Debt Restructuring Committee (CDRC) has submitted its recommendations regarding the proposed takeover of the two LRT companies, but he said no decision has yet been made on the matter.

"We are still studying... we have not determined... if these companies can operate the system, provide services to the public and not make losses.

"The CDRC is not the only one doing the study. We are also studying it," he said.

According to the daily, the Government would not compensate owners of the two projects for surrendering their concessions as earlier proposed under a rescue plan announced by the Government in December.

A RM6 billion Government bond issue was to have been made to assume all outstanding debts of the LRT operators and compensate the concessionaires who would retain management rights over the networks and granted a rate of returns guaranteed by the Government.

This plan is said to have been reviewed three weeks ago following an announcement by Dr Mahathir that the Government was "studying to see whether we should find some way of making the operations viable".

He had explained that the reason the LRT services were not financially viable was because the operators were not allowed to charge a full fare which would have placed a big burden on the public.

On the MAC meeting, Dr Mahathir said it was held to help the local aerospace industry identify areas of strong potential.

"We believe there is potential in the manufacturing of aircraft and development of materials," he said.

Among the council's recommendations are the launching of more satellites and to pursue the manufacturing of the Eagle UAV (unmanned aerial vehicle) for surveillance purposes.

The National Aerospace Blueprint, launched by Dr Mahathir in 1997, had proposed the establishment of MAC, a high-powered national-level steering committee, to help chart the course of the industry.

Its chairman is the Prime Minister and deputy chairman Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi.

The other members are the Defence, Finance, Transport, Education, and Science, Technology and the Environment ministers, as well as representatives from relevant agencies and the industry, including Malaysia Airlines, Airod and Malaysia Airports Holdings Bhd.

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