

Don't overrule AG on highway contract, Najib told
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The DAP has urged the premier not to overrule the attorney-general in questioning the West Coast Expressway (WCE) agreement, but to reveal full details including the basis of providing various financial incentives to the concessionaire.

"Najib (Abdul Razak, left) must walk the talk of 'economic transformation' by implementing all the reforms on transparency and accountability that his administration has been preaching over the past three years," said DAP national publicity secretary Tony Pua in a statement today.

According to an exclusive report by English daily The Malay Mail yesterday, Abdul Gani is of the view that the terms of agreement for the project are not in the public interest.

'Government sources tell The Malay Mail Abdul Gani had expressed reservations over the terms, which seem to heavily favour the highway concessionaire, WCE Sdn Bhd, a 64.2 percent subsidiary of Kumpulan Europlus Bhd,' the report said.

'Abdul Gani (right) has put the Economic Planning Unit and the relevant agencies and ministries such as the Malaysian Highway Authority, the Finance Ministry and the Works Ministry on notice over his reservations on the 316km-long highway that will link Banting in Selangor to Taiping, Perak, where 224km will be tolled.'

According to a source quoted in the report, "despite immense pressure to sign the legal documents, the AG has informed the stakeholders he wants to review the terms of the agreement".

Responding to the report, Pua demanded answers from Najib as to why the government is insistent on awarding the new WCE concession to Kumpulan Europlus via direct negotiation which has seen the cost of the project inflate excessively.

"The cost of the expressway was RM3.0 billion when it was first awarded without tender in 2007 but further 'negotiations' between the government and the concessionaire have increased the cost to RM7.1 billion when it was re-awarded last month," he said.

"In addition, the concession period has been increased from 33 years originally to 60 years, a record for highway privatisation projects in Malaysia."

Even with this, he said, the government will still have to provide RM2.24 billion in soft loans to the concessionaire, as well as up to three percent interest-subsidy for commercial loans secured.

The government will also bear the cost of all land acquisition, estimated at RM1 billion, said Pua.

'Avoid another costly mistake'

Pua called on Abdul Gani to do everything within his powers to ensure that the government receives a fair bargain, and to avoid a repeat of many costly mistakes made in privatisation projects.

"What is shocking is the fact that the project is being awarded to a company with a very poor financial record over the past few years. Kumpulan Europlus earned revenues of RM50 million and RM28 million over the last two financial years of 2010 and 2011 respectively.

"(Apart from) the small revenue base compared with the RM7.1 billion project, the company also made losses of RM35 million and RM46 million over the past two years."

Pua (left) said he wants Najib to come clean on the basis of awarding the WCE to Kumpulan Europlus, as well as the financial justifications for the soft loan, interest subsidy, 4.1 billion increase in the cost of the highway, and 27-year extension of the concession.

"Most importantly, the government, in the interests of transparency, must disclose the proposed toll rates which will be imposed on motorists to justify such lucrative terms to the concessionaire," he said.

Should Najib fail to do so, Pua warned that the premier will soon be branded by businessmen all over the world as the one who just cannot deliver promised changes.

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