

Flexible concession deal for new Selangor highways

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The Selangor government will advise the Malaysian Highway Authority to impose an exit clause in all new highway concessions in the state so that the deals will not over-benefit the concessionaires.

Selangor Menteri Besar NONE Khalid Ibrahim said the exit clause should include, among others, the selection of concessionaires through open tender and a profit ceiling margin of 10 percent of the investment for successful concessionaires.

"For instance, if a concession is meant to last 35 years but the concessionaire earns the 35 years of profit earlier because many people are using the highway, then the highway should be surrendered back to the government earlier," he said after a state executive council meeting today.

Khalid explained that these conditions should be a must in all new highway concession deals in Malaysia, including the Sungai Besi-Ulu Kelang elevated highway (Suke), since the federal government was underwriting the cash flow for this project.

"If (concessionaires) do not fulfil these conditions, we will not help them to acquire the land needed," he said, for highway privatisation could not be made for concessionaire companies to benefit at the cost of public expenditure

Khalid also said that the approval for the Suke highway has been deferred pending the fulfilment of these new conditions.

He sees the earlier highway concessions as lopsided in favour of the corporations operating them because the state is required to pay compensation to the concessionaire if a highway does not get its intended traffic flow.

"But when they get extra profits, they do not give it to the state," he mocked

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