

KTMB mired in RM1.45 billion debt
Malaysiakini.com
October 26, 2010

The corporatised national train service Keretapi Tanah Melayu Bhd is reeling under a whopping accumulated debt of RM1.45 billion up to 2008, with hardly any means of repaying it.

The 2009 Auditor-General Report also reveals that KTMB suffered net losses for three years in a row from 2006.

From 1994 to 2008, KTMB needed a RM760 million funding injection from the federal government just to sustain itself.

According to the report released yesterday, the increase of 44.5 percent in losses (RM36.6 million) in 2008 was the result of higher operational costs, which came to 9.6 percent more than the previous year.

"... and the profit is not enough to recover the operational costs and repay the loans," the report says.

"Apart from that, there were other weaknesses, such as not meeting the profit projection and Key Performance Indicator; unsatisfactory train punctuality; poor maintenance of the rolling stock (all rail vehicles); late completion of the Electrical Multiple Unit repair project; flaws in the management of subsidised diesel and the late completion and upgrading works of five East Coast stations," it said.

KTMB to be bailed out?

The report also noted that the federal government had given KTMB five easy loans until 2008, four of which have fully matured, with payments scheduled between 2001 and 2007.

"However, the audit team found that KTMB has yet to make any repayment since two to eight years ago, and the annuities have amounted to RM501.53 million," the report says.

KTMB had also written to the Finance Ministry to convert the loans to government equity.

"And in November 2008, the Finance Ministry asked KTMB to propose options to restructure the easy loan.

"KTMB presented its proposal for restructuring in April 2009 and it got the approval of the ministry in September 2009," the report adds.

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