

Maju Expressway - A Case Of Highway Robbery
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The Barisan Nasional (BN) government's attempt to plunder the nations' coffers and impoverish the rakyat cannot be more blatant than the award of the 26km Maju Expressway (MEX) toll concession to Maju Expressway Sdn Bhd (MESB) which is 96.8% owned by Maju Holdings Sdn Bhd. Maju Holdings Sdn Bhd is in turn wholly owned by Abu Sahid Mohamed.

The highway was first awarded in 1997 and the concession agreement was amended by supplemental agreements in 1998, 2003 and 2006. The contents in the agreement are still a mystery as of today as the MEX agreements was mysteriously not included when other highways agreements were declassified by the Cabinet in November 2008.

On 16 March 2012 EP Manufacturing Bhd, a small-medium manufacturing company listed on Bursa Malaysia announced that it has proposed the acquisition of MEX for the amount of RM1.7 billion. What was revealed since included the cost of construction of MEX was RM1.32 billion as reported in The Edge Financial Daily.

What was shocking however, was the revelation that the Government has given a grant of RM976.7 million to MESB for the construction of the highway. Effectively, 74% of the cost of constructing the highway was borne by the tax-payers.

According to reports by the Malaysian Ratings Corporation, Sahid Mohamed only invested RM60 million and lent RM87 million in funds to the project. The rest of the construction and operational cost of the highway was borne by borrowings which amounted to RM529 million at December 2010.

The question that needs to be asked is if the Government can already fund three quarters of the highway construction project, why was there even a need to "privatise" it to the private sector? Why couldn't the government raise a further small sum of RM343 million to complete the highway without privatisation? Needless to say, the award of the contract was done via direct negotiations without any open tender.

The MEX is the most clear-cut case of making tax-payers' pay for the construction of the highway, and subsequently allowing a BN crony to milk the tax-payers further by charging toll, in this case, over a period of 33 years. There is no better example of how the BN Government and its cronies are conducting highway robbery in broad daylight.

As my colleague in Pakatan Rakyat, Rafizi Ramli has highlighted in his press statement yesterday, Abu Sahid Mohamed has only effectively forked out RM60 million for the project, but with the proposed acquisition by EP Manufacturing Bhd, he would effectively be making a NET profit of RM1.09 billion. That works out to more than an astronomical 1,800% return on investment in less than 8 years since construction began in 2004 for MEX.

The rape of Malaysian tax-payers which made a billionaire out of Abu Sahid Mohamed on this exercise alone is simply outrageous and unacceptable. As highlighted above, out of his "profit", RM976.7 million was paid for by Malaysian tax-payers.

I would echo Rafizi's demand that the Prime Minister Najib Razak demands that the RM976.7 million grant given to MESB must be returned to the Malaysian government. The grant is clearly unnecessary as there were known to be at least 6 bidders seeking to acquire MEX, proving that MEX is assured of profitability.

Najib Razak must live up to his call for a "transformational government" as well as his promise in the New

Economic Model that he will "not tolerate the behaviour of rent-seeking and patronage". If the Prime Minister fails to take immediate action, he can be assured that the Pakatan Rakyat will launch a relentless campaign against this highway robbery by BN and its cronies all the way to the 13th General Election.

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