

**Pemandu admits land acquisition only way to recoup MRT cost**  
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KUALA LUMPUR, Aug 26 — Putrajaya's powerful efficiency unit has admitted that the Najib administration needs to acquire and develop land along the Klang Valley Mass Rapid Transit (MRT) route as it cannot afford the multi-billion ringgit project otherwise.

In a letter sighted by The Malaysian Insider, Performance Management and Delivery Unit (Pemandu) chief executive Datuk Seri Idris Jala told Associated Chinese Chambers of Commerce and Industry Malaysia (ACCCIM) president Tan Sri William Cheng that the government was pursuing a "rail-and-property" model as it would not be able to recover the cost of the first line between Sungai Buloh and Kajang through fares alone.

"For the government to manage the project efficiently and sustainably, fare box revenue will not be sufficient to finance the high capex and opex for the MRT network," Idris said in the letter dated August 23, written in response to Cheng's queries about the acquisition of Jalan Sultan land.

"Increasing the fares is not an option as the government wants to act responsibly by providing the rakyat with an affordable means of transport. Instead, the government is adopting a prudent approach towards a sustainable financial model for the MRT through a modified rail-plus-property model."

The government has said a Ministry of Finance unit called Dana Infra will raise funds for the MRT, which is the country's most expensive infrastructure project to date, but has yet to give any details of the funding apart from saying it will develop the land along the route.

The Minister in the Prime Minister's Department pointed out that Hong Kong's MTR Corporation, which has successfully applied the model to its Mass Transit Railway (MTR) network, would not have an "effective means of recouping the vast sums spent on developing the MRT" without revenue from property development as earnings from fares only made up 35 per cent of total revenue.

He stressed that Singapore's MRT operators, who rely heavily on fare box revenues with minimal contribution from commercial activities, were considered an exception rather than the norm.

But Malaysia would be using a modified version of the rail-and-property model with "some amount of land acquisition" as the Sungai Buloh-Kajang (SBK) line would traverse built-up areas unlike Hong Kong, which had access to several tracts of mainly reclaimed land that allowed for integrated station and property development, Idris said.

"The government is thus not acquiring land banks for the MRT Co. nor abusing the Land Acquisition Act for this purpose," he assured, referring to the new project owner effective September 1.

However, Idris also revealed that land along the SBK corridor that will be developed by government-linked companies (GLCs), including the Rubber Research Institute (RRI) and Kuala Lumpur International Financial District (KLIFD) sites, would not go directly towards offsetting the capital expenditure for the MRT.

The minister added that he would let the Land Public Transport Commission (SPAD) respond to Cheng's concerns over the land acquisition on Jalan Sultan in Chinatown, which traders there see as a threat to the historic enclave.

"These involve technical details such as the design of the alignment, constructibility, the need for station integration and so forth and why land above ground is acquired (in respect to the National Land Code) even if the MRT tunnels are below for safety and security concerns," he said.

"On this score, perhaps we may also see a more positive development from the proximity of the MRT line to Chinatown where opportunities for revitalisation and restoration of the area would benefit the Chinese community in this part of Kuala Lumpur."

Outgoing project owner Syarikat Prasarana Negara Bhd (Prasarana) has said it needs to acquire the land above the MRT tunnel that will run along Jalan Sultan and demolish existing buildings in the interest of public safety.

Both Prasarana and SPAD have also said the government has to acquire the land before any subsurface work can begin as Section 44 of the National Land Code 1965 states that property owners not only have the right to the plot itself but also the air above and the ground below.

But DAP publicity chief Tony Pua has accused the Najib administration of using the project as an excuse to hijack prime land in the capital for profit, pointing out that the National Land Code had been specifically amended in 1990 to allow for the acquisition of underground land without affecting surface property.

SPAD chairman Tan Sri Syed Hamid Albar said this week that the regulator was currently working on a solution to allow traders to return to Chinatown lots being acquired for the construction of the MRT but said there was "no guarantee" that they would eventually be surrendered to the owners.

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