

Pakatan: MRT rail, property model is land grab
The Malaysian Insider
August 27, 2011
By Yow Hong Chieh

KUALA LUMPUR, Aug 27 — Pakatan Rakyat (PR) has accused Putrajaya of using the Klang Valley Mass Rapid Transit (MRT) as an excuse to acquire prime land after it was revealed that the government will rely on property development to foot project costs.

DAP international secretary Liew Chin Tong said the modified rail-and-property model was just "land grab by another name" and accused the Land Public Transport Authority (SPAD) of putting revenue considerations before the needs of the public.

He told The Malaysian Insider that the regulator's focus on how to maximise returns through property redevelopment rather than public transport requirements was akin to putting the cart before the horse, and called an example of "worst planning practices".

"You should look at transport needs and how to cater for that before anything else," Liew said, adding that this called into question whether the alignment of the Sungai Buloh-Kajang (SBK) line had been determined by property development propositions rather than demand.

"The most important thing is to think how to get people to work (riding the MRT)... The number one priority is to ensure this is the easiest way to work so you don't have a peak hour (congestion) problem."

PKR strategic director Rafizi Ramli said the viability of the entire MRT project was now suspect given the risky nature of property developments, especially since the government will incur "huge public debt" financing them.

He pointed out that returns from such developments were not guaranteed as the outlook for the high-end property market was "quite gloomy" and there was already a property glut in the Klang Valley.

"This is the danger of the MRT project if it's not managed properly," he said.

Rafizi also questioned the timeline for property development on the acquired land and whether it would take place before or after the MRT is scheduled to begin service in 2016.

"When is this so-called redevelopment for [capital expenditure] and [operating expenditure] going to take place? 2017? 2018? In the meantime, the public has to fork out more money while waiting for the returns," he added.

PAS central committee member Dr Dzulkefly Ahmad said there was a need for the Najib administration to open up the project to parliamentary scrutiny as the reliance on property development showed that not enough thought had gone into how to finance the MRT.

"If this an afterthought? Have they not said it was a PFI (privately financed initiative) in the first place?" he said.

The Kuala Selangor MP said that the RM50 billion bill for the project would "go through the roof" now as the original estimate had not taken into consideration the massive cost of redeveloping properties the government plans to acquire.

Dzulkefly added that if land acquisition was the single most dominant factor that determines the success of the MRT, Putrajaya should be "humble" enough to engage the Selangor state government on land acquisition matters cordially.

"They must be responsible enough as the federal government in practising federalism... to talk to the state government in the best possible way," he said.

Putrajaya's powerful efficiency unit has admitted that the Najib administration needs to acquire and develop land along the 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," Jala 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," Jala added.

The Malaysian Insider

Copyright © 2011 The Malaysian Insider

Source:

<http://www.themalaysianinsider.com/malaysia/article/pakatan-mrt-rail-property-model-is-land-grab/>