

**Johor highway land cost doubled from original, says audit report**  
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**By G. Manimaran**

KUALA LUMPUR, Oct 24 — Land acquisition costs for the Senai-Desaru Expressway project exceeded estimates by nearly 103 per cent or RM375.6 million more than originally stated, according to the 2010 Auditor-General's report.

Following this development, the Auditor-General is suggesting for the government to adopt a new approach by "capping" expenditure for future projects.

Land acquisition for Senai-Desaru Expressway Bhd (SDEB) was initially estimated to cost RM365 million but the final cost weighed in at RM740.6 million.

The expressway is part of the Iskandar Malaysia development, connecting Senai in west Johor to Desaru in east Johor.

Construction for the expressway began in July 2004. Its first phase was completed in August 2009, and the second in June 2011.

In his report, Auditor-General Tan Sri Ambrin Buang said he believed the Malaysia Highway Authority (LLM) did not examine the highway construction thoroughly, leading to its significant increase.

"This caused the government to bear the cost of land acquisition amounting to RM740.6 million, that is an increase of RM375.5 million of 102.9 per cent," he said.

"In this aspect, the concession company did not make realistic and accurate land acquisition estimates on the highway project," he added.

Amrin said that although initial planning had been done carefully, the conversion of land status and title deed by state authorities had contributed to additional cost.

"This is because the government has to pay higher compensation on completed buildings," he said, adding that the estimate was made in 2002.

"Based on LLM records, the Land Acquisition Plan under Section 8 of the Land Acquisition Act 1960 was gazetted on November 4, 2004 for the Kota Tinggi district and on November 18, 2004 for the Johor Baru district," the report said.

"The land valuation by the department of valuation and property services was based on the current price in November 2004, which was higher than in 2002 and this caused a significant increase in costs," it added.

Amrin said the cost of land acquisition for the privatisation of highway projects should be fixed to prevent future repeats of the incident.

"If cost of acquisition exceeds the 'capping' that is set, then the additional costs will be borne by the concessionaires."

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