

DAP rakes Putrajaya over RM7b highway deal
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By Debra Chong

KUALA LUMPUR, Jan 28 — The DAP has blasted the Najib administration for awarding a lucrative RM7 billion highway deal, to be tolled for a record 60 years, to a company known principally for making and selling granular and powder-activated carbon.

Public-listed Kumpulan Europlus Bhd (KEuro) told Bursa Malaysia late on Thursday it had also won a RM2.24 billion government soft loan and a three per cent interest subsidy on commercial loans for a period of 22 years, on top of Putrajaya paying RM980 million in land acquisition cost to join Banting in south Selangor a total 316km to Taiping in north Perak.

Industry observers have described the new highway project as the closest alternative to the congested North-South Expressway.

“This deal reeks of cronyism and this does not bode well for Najib’s transformation programme,” the opposition party lawmaker Tony Pua (picture) told The Malaysian Insider, speaking of Prime Minister Datuk Seri Najib Razak's New Economic Model (NEM) to make the country a high-income nation by 2020.

The PM has been seeking to burnish his credentials as a reformer and so spur Malaysia’s growth as a global investment hub.

In the filing to Bursa Malaysia, KEuro disclosed that its subsidiary, West Coast Expressway Sdn Bhd (WCE), has received an approval letter dated the same day from the federal government to build and operate the Banting-Taiping highway for the next 60 years estimated to cost RM7.07 billion.

It said the 224km of the highway will be tolled compared to 92km that will be toll-free.

The public-listed company also disclosed receiving a RM2.24 billion government soft loan starting from next year and an interest subsidy of only three per cent on commercial loans for a period of 22 years to build the highway apart from the government bearing the estimated RM980 million in land acquisition cost for the highway project.

“This is shocking! Why [did they get] such good terms?” Pua asked.

“Taxpayers are being doubly abused. First, they will have to pay for the construction of the road and then will be asked to pay for the use of the road,” he said.

The DAP publicity chief pointed out that KEuro’s president and chief executive Tan Sri Chan Ah Chye was also onboard the controversial housing developer Talam Corporation Bhd, and that both companies had fallen into debt in the past.

“Despite that, it has continued to win support from the Najib administration and got a sweetheart deal in order to see through the project,” Pua said.

"Why is the government giving it to him [Chan]?" he asked, noting that Chan owns a controlling 27.58 per cent in KEuro, with the second major shareholder at 22.7 per cent going to multi-industry giant IJM Corporation Bhd.

Pua said that KEuro had made only RM15 million in revenue and RM5 million in profit in the first nine months of last year after racking up RM24.1 million in losses on revenue of RM20.5 million in 2010.

"Now they are awarded a highway that is expected to cost RM7.07 billion to build. It's a property developer with records of abandoned housing projects. It has no experience in building highways that I can recall," Pua said, clarifying that IJM has, but not KEuro.

"Here we are in Pakatan Rakyat putting in our common policy framework to restructure and remove tolls while the BN government is putting on their agenda privatisation policies that impose additional tolls on ordinary Malaysians and prioritise their cronies."

Pua urged the government to call off its deal with KEuro, which he said had yet to be signed; and to open the project to competitive tender so that the public will not be burdened by tolls for 60 years.

"It's the longest [toll concession] ever, longer than with PLUS," the Petaling Jaya Utara MP said.

Pua, who is among the opposition Pakatan Rakyat (PR) bloc's economic experts, related that the West Coast highway project had been mooted and first approved during the administration of Tun Dr Mahathir Mohamad — Najib's mentor — but had stalled in the late 1990s.

"Because of the Asian economic crisis, Europlus could not raise the money to build the highway," he said.

He added: "It's an old deal that should have been terminated when Europlus first failed to build the highway."

KEuro is described as an investment holding company in stock exchange records and its businesses are organised into three divisions, namely manufacturing and trading of industrial products, construction, and leasing, management services and investment holding.

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