

Why privatise MEX when Putrajaya bore brunt of costs, asks Pua
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By Shazwan Mustafa Kamal

KUALA LUMPUR, March 19 — Putrajaya must explain why the Maju Expressway (MEX) toll concession was given to Maju Expressway Sdn Bhd (MESB) when it had already funded three-quarters of the 26km highway, Tony Pua asked today.

Labelling it a clear case of “daylight robbery”, the DAP national publicity secretary pointed out that 74 per cent of the cost of constructing the Kuala Lumpur-Putrajaya highway had been borne by taxpayers when Putrajaya gave MESB a RM976.7 million grant to build the MEX, which cost an estimated RM1.32 billion.

MESB is 96.8 per cent owned by Maju Holdings Sdn Bhd, which is in turn owned by Tan Sri Abu Sahid Mohamed. The matter came to light when automotive parts maker EP Manufacturing Bhd (EPMB) sealed a RM1.7 billion deal to buy the MEX highway here by acquiring MESB from conglomerate Maju Group on March 16.

“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,” Pua (picture) said in a strongly-worded statement.

“According to reports by the Malaysian Rating Corporation, Tan Sri 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,” he added, saying that the MEX agreements have not been publicly disclosed despite the fact highway agreements were declassified by the Cabinet back in November 2008.

Pua demanded Prime Minister Datuk Seri Najib Razak be responsible for ensuring the RM967.7 million grant given to MESB be returned to the government.

“The MEX is the most clear-cut case of making taxpayers pay for the construction of the highway, and subsequently allowing a Barisan Nasional (BN) crony to milk the taxpayers further by charging toll, in this case, over a period of 33 years... RM976.7 million was paid for by Malaysian taxpayers,” said Pua.

The Petaling Jaya Utara MP said that with EPMB’s acquisition, Abu Sahid would “effectively be making a net profit of RM1.09 billion”.

“That works out to more than an astronomical 1,800 per cent return on investment in less

than eight years since construction began in 2004 for MEX," Pua calculated.

According to a Malaysian Rating Corp Bhd (MARC) report, total traffic on MEX was 28.8 million vehicles in 2010, while average daily traffic was 78,962.

Latest figures from June 2011 show the average volume has increased 17.5 per cent to 92,785.

According to AmResearch, the MEX is already making money at the operating level, with financial year 2011 earnings before interest, taxes, depreciation, and amortization (EBITDA) at RM44 million on average daily traffic of 90,051, which exceeded projections by nine per cent.

Traffic growth is subsequently projected to grow 12.8 per cent in 2012 and 8.8 per cent in 2014, before levelling to 2.3 per cent by 2037, it added in a research note

The research house also noted that the valuation of RM1.7 billion by EPMB pegs its acquisition cost at RM65 million/km against its original cost of RM51 million/km.

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