

Tug of war over automated traffic summons as firm linked to Najib's aide wins deal

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By Shannon Teoh

KUALA LUMPUR, April 14 — An automated enforcement system (AES) project for traffic summonses to be put in place by September has resulted in unhappiness from the police after the Road Transport Department (RTD) dished out the deal to two firms, one linked to a close confidante of the prime minister.

ATES Sdn Bhd and Beta Tegap Sdn Bhd, which has denied rumours it is linked to MCA, will spend between RM300 million to RM400 million each to set up traffic cameras at 831 "black spots" nationwide in a move which some in the police force view as an encroachment into their turf, according to The Edge.

ATES Sdn Bhd's director Chee Chwee Cheong is also a founding partner of influential advisory house Ethos Consulting headed by Omar Mustapha, a former special officer to Datuk Seri Najib Razak.

"Those who are happy say the police can now focus on policing but imagine if your role is that of a traffic police officer. What will your role be now that you have these cameras?" the business weekly quoted a source close to the deal.

But RTD director-general Datuk Solah Mat Hassan told the newspaper the system will only be set up in areas with high incidences of fatal accidents.

"About 6,000 people die in road accidents every year. That's quite alarming. That is only the fatal accident figures. What about other non-fatal accidents?" he was quoted as saying.

However, The Edge reported that the police is said to be firming up plans to boost its own traffic camera system.

According to the weekly, each company will likely issue 10 million valid summonses over a five-year period from which all paid summonses will be deposited into a fund from which the firms will recoup their investment.

ATES, which has denied Omar's involvement in the project, and Beta Tegap will be paid via a three-tier system that the newspaper says will allow them to recoup more than a 17 per cent rate of return, fuelling talk of sweetheart deals.

But Solah told The Edge both companies must return the excess to the government if they exceed a 17 per cent internal rate of return (IRR).

Each company is entitled to RM16 per valid summons for the first five million issued and then split the remaining revenue evenly with the government up to a cap of RM270 million each.

Both firms will each receive 7.5 per cent from the remaining revenue and the government will keep the rest.

The Edge estimated that half the summonses, each carrying a penalty of RM300, will be paid, resulting in a fund size of RM1.5 billion per company. This would amount to RM416 million paid to each contractor.

This would be a handsome return if the companies manage to keep costs closer to RM300 million, even if the entire investment is written down after the five-year concession.

The RTD says unpaid traffic summonses between 2005 to 2009 amounts to RM5.8 billion

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