

DAP wants PM to explain how RM7b highway will benefit public
The Malaysian Insider
January 29 , 2012
By Shannon Teoh

KUALA LUMPUR, Jan 29 — The DAP demanded today Datuk Seri Najib Razak explain how a RM7 billion highway to be tolled for a record 60 years will benefit the public when taxpayers stand to lose up to RM5 billion to finance the project.

Public-listed Kumpulan Europlus Bhd (KEuro), which principally produces granular and powder-activated carbon, announced Thursday it was appointed to build the 316km highway linking Banting in south Selangor to Taiping in north Perak.

It said in a filing to Bursa Malaysia that it won a RM2.24 billion government soft loan and a 3 per cent interest subsidy on commercial loans for 22 years with Putrajaya paying RM980 million in land acquisition for the project.

But DAP secretary general Lim Guan Eng (picture) said “both interest subsidies which may cost the federal government RM4 billion assuming a principal loan of RM6 billion.”

“Why should the government pay RM980 million for land acquisition cost if this is a privatised project?” the Penang chief minister said.

The Penang chief minister also warned that the 60-year concession would result in a repeat of the North-South Expressway (NSE) that has raked in three times the RM6 billion ploughed into the project despite more than half the 50-year toll period remaining.

“For the Prime Minister’s Department to grant a 60 year concession period means that generations of Malaysian will be compelled to pay toll, from me to my great grand-children.

“Malaysians can no longer tolerate another NSE scandal, where the toll operator is given a 50 year concession period until 2038 even though as at December 31, 2010, the toll operator has already received RM24.3 billion, landing a cool RM18.3 billion in profits,” he said.

The DAP and its partners in Pakatan Rakyat (PR) have pledged to abolish tolls if they take federal power, saying that companies such as PLUS Expressways which operates the NSE, have profiteered from lopsided deals.

It had previously accused PLUS in November of “cheating” the public especially Penang folk by extending toll collection on three highways as part of a deal that sees the highway concessionaire waive RM6.5 billion in compensation from the government.

The government owed PLUS billions in compensation due to the decision to freeze unpopular toll hikes that were stipulated in the original concession agreement, until 2015.

But Lim had said the 17-year and 12-year toll extension on the Penang Bridge and Butterworth-Kulim Expressway respectively to 2038 was “in fact a toll increase” that specifically punished Penangites.

The DAP had also pointed out yesterday that KEuro's president and chief executive Tan Sri Chan Ah Chye, who owns 27.58 per cent of the company, was also onboard the controversial housing developer Talam Corporation Bhd, and that both companies had fallen into debt in the past.

Lim also called on Najib to state whether the project was awarded via an open tender and why KEuro was chosen when it has no proven track record of building highways and its principal owners have a troubled history of problematic housing development projects.

The Bagan MP also pointed out that the cost of the highway worked out to RM22.3 million per km, which is "more than double the cost of a similar highway in India at RM10 million per km."

He added that if the new highway is an alternative to the already congested NSE, it should be extended to Penang which faces heavier congestion than the current stretch.

"This is unfair not just to Penangites but also Kedahans," he said.

The Malaysian Insider

Copyright © 2012 The Malaysian Insider

Source: <http://www.themalaysianinsider.com/malaysia/article/dap-wants-pm-to-explain-how-rm7b-highway-will-benefit-public/>