

POTENTIAL RM43b ACQUISITIONS

HIGHWAY TAKEOVER PLAN GETS THUMBS UP

Public set to be winners from the deal, say economists

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THE government's plan to take over 15 highways, including the North-South Expressway (NSE), for around RM43 billion has hit the right note with economists and highway users.

Economists contacted by the *New Straits Times* yesterday were convinced that commuters would be the eventual winners, even as they awaited further de-

tails on the potential deal.

Their main concern would be the ability of Khazanah Nasional Bhd's special purpose vehicle (SPV) to cover operation costs and coupon payments to the debt paper holders.

On Monday, the *NST*, quoting sources, said the government would offer to buy highways owned by Plus Malaysia Bhd for RM30.8 billion, as well as those by Projek Lintasan Kota Holdings Sdn Bhd for RM3.1 billion, Gamuda Bhd (RM5.6 billion) and IJM Corp Bhd (RM2.7 billion).

The acquisitions would be paid via the issuance of perpetual debt papers with one paper valued at RM30.1 billion (Paper A) — comprising RM10 billion cash and RM20.1 billion debt — and the other (Paper B) valued at RM12.7 billion.

Putra Business School associate professor and business devel-



The government potential takeover of 15 highways, including the North-South Expressway, for around RM43 billion will be paid via the issuance of perpetual debt papers.

opment manager Dr Ahmed Razman Abdul Latiff said highway users would theoretically come out winners as they would enjoy toll discounts and toll-free highways starting 2038.

The government would also not have to fork out the RM43 billion itself, he said.

However, Razman warned that the SPV needed to ensure it would have surplus annually to cover the coupon payments, operating expenses and maintenance costs, as well as accumulate reserves for eventual redemption of the debt papers.

"But the ability to do this will only be clear if the government can provide traffic projection and potential revenue for the highways until 2038, so that there is less risk for a government bailout

if the SPV is unable to meet its annual debt commitment," he said.

The assumption did not take into consideration future expansion or upgrading plans, which would require additional funding, he said.

If it were to fully abolish the toll, the SPV might not have enough financial means to pay for the maintenance and to service debts, he added.

The government could instead use artificial intelligence to determine toll discounts, maximise potential revenue and offer off-peak discounts, he said.

Economist-turned-entrepreneur Izzuddin Yussof is also concerned on whether the SPV will be able to pay for the debts and the highways' maintenance.

"The more likely scenario is to maintain the current rates or reduce them a little," he added.

Highway users are also receptive to the possible takeover.

R. Rasyid, an engineer, expects to see reduction of toll rates in the next 18 years or so.

M. Jeevanesan hopes to see an improvement in infrastructure once the takeover materialises.

"Traffic congestion and road accidents are making road journeys dangerous, especially for motorcyclists.

"Poorly maintained roads can give rise to accidents," he said.

B. Julianna, a special child educator, hopes the government will consider widening major highways that see heavy traffic flows.