

FEATURED NEWS MALAYSIA

Fund manager says KL-SG HSR may attract Singaporeans to eat, play and shop more but will increase the cost of living for Malaysians



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MALAYSIA: The Kuala Lumpur-Singapore High-Speed Rail (HSR) project could shorten the travel time to 90 minutes.

However, as one local fund manager said, although it may attract Singaporeans to eat, play, and shop more, it may also increase the cost of living for ordinary Malaysians.

Habhajan Singh of The Malaysian Reserve also opined that the project might seem appealing on the surface, but it is important to consider the concerns of those who view it differently.

The HSR project, approved in 2013, has faced multiple delays and a costly suspension in 2019, during which Malaysia paid Singapore S\$102.8 million for one round of cancellation related to development and suspension extension costs.

Malaysian authorities are now mulling whether to approve the project again, with potential private sector involvement. Transport Minister Anthony Loke told a wire agency last month that a decision on the HSR's future will be made by the end of the year.

He told Bloomberg, “Once we have a policy decision to proceed with the HSR, we will start negotiations with Singapore.” If the project moves forward, the Malaysian government could let private firms join in on the multi-billion ringgit initiative.

MyHSR Corp Sdn Bhd, managing the HSR project, has shortlisted three interested partners: YTL Corp Bhd, Berjaya Land Bhd, and China Railway Construction Corp.

However, fund manager Tan Teng Boo, managing director of Capital Dynamics Sdn Bhd, said that the funds intended for the HSR could be more effectively used to improve domestic rail links.

He urged dropping the project and instead focusing on domestic connectivity, which “will lift Malaysia up, and it will lift Malaysia up in an equitable manner.”

He argued, “With this fast, efficient train link between Singapore and KL, I can sleep in Malaysia and work in Singapore. That’s brain drain.”

He added that even with the HSR approved, Singaporeans might come on weekends to eat, play, and shop more but are unlikely to move to Malaysia for work. This could also increase the cost of living for ordinary Malaysians, particularly those in the Klang Valley.

Mr Singh compared the HSR to China’s high-speed rail network. During his trip from Dali, where women are often the breadwinners, to Kunming, the capital city of Yunnan, he was struck by the efficiency of the rail system.

The train departed precisely on time and arrived as scheduled, with no delays.

Since 2008, China has built 45,000km of rail, connecting big cities and many smaller towns. Dali, a city in Yunnan Province, once served by only a few trains, now has nearly thirty fast train services every day.

According to Mr Singh, “Imagine if we can bump up the services between KL and Ipoh as well as KL-Johor Bahru. Imagine if we have services — timely and frequent — between other Malaysian cities.”

However, he pointed out that such development comes at a high cost. China’s rail system has resulted in massive debt, with the China State Railway Group reportedly holding around US\$870 billion.

The heavy subsidies by local governments have led to increased prices. The rise in municipal debt has limited their ability to keep fares low, leading to pressure on local authorities to increase prices.

However, raising fares for essential public services like commuting can be highly problematic.

Mr Singh argued that those deciding on the KL-Singapore HSR should consider these factors. He noted that despite the involvement of private funds, history suggests that there might still be a need for taxpayers’ money.

If spending is unavoidable, he argued, it should be directed towards projects that benefit the many Malaysians.

“A good network of fast trains locally would give Malaysia a tremendous boost. That looks like a better bet. Let us build our own Dali-Kunming links. We can then travel to see how our men and women are faring elsewhere,” Mr Singh stated. /TISG