

BTS Group says PPP law should be user-friendly

GOVT URGED TO SPEED UP MEGA-PROJECTS

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THE NATION

THE GOVERNMENT should do something with the public private partnerships (PPP) law to speed up mega-investment infrastructure projects as part of the country's economic stimulus strategy, according to BTS Group Holdings.

"We have set aside more than Bt30 billion in cash for three years to invest in the government's projects. But we cannot take any steps forward," said Keeree Kanjanapas, chairman of BTS Group Holdings, a leading provider of passenger services for Bangkok's BTS skytrain.

Private Investment in State Undertakings Act BE 2556 (2013), known as the PPP law, is a government initiative designed to spur the slow economy by encouraging infrastructure projects. At the beginning of the year, the government approved five more organic laws dealing with issues such as the calculation of project value, participation of private firms, the screening process and joint investments in smaller projects.

One of the key points is that only non-infrastructure projects with investment value of between Bt1 billion and Bt5 billion are not required to seek PPP approval. Those projects that require approval will see the time for the process of consideration shortened to not more than 240 days.

Keeree said the key to the infrastructure projects is that the private sector can invest with the state and become owners of the properties. The government itself can invest, but this would create more public debts.

In 1999, the BTS skytrain Green Line was built and operated by Bangkok Mass Transit Plc (BTSC), a wholly-owned subsidiary of the BTS Group, and it is considered the first mass transit railway system in Thailand funded entirely by a private firm.

Keeree suggested that the government sort out the PPP law as quickly as possible to break the barrier of participation in joint investments with the state for various projects, not just mass transit systems.

Apart from mass transit solutions, the group is also the largest out-of-home media company in Thailand and is engaged in property development along the mass transit routes as well as other service businesses such as Chefman restaurants and Rabbit smart card.

Keeree said that although the media business recently revised down its growth target this year to 1-3 per cent from 13-17 per cent, due to a drop in advertisement income, the group's overall profit target was still on track as expected.

BTS Group Holdings posted a consolidated net profit of Bt2.94 billion in fiscal 2014/2015 (April to March), compared to Bt12.64 billion during the previous year.

As for the first quarter ending on June 30, the group posted Bt3.02 billion in consolidated net profit in the first quarter, up from Bt650.2 million in the same period last year.

The hotel business with the "U" brand, which is managed by its property arm, was affected after the recent Bangkok blast, he said. But the future of the hotel industry is bright and the group expects to invest in a few more hotels overseas.

The group will still continue the launch new projects - it will develop condominium projects along the mass transit rail lines under 50:50 joint ventures with Sansiri Plc - with the next one scheduled in October.

"We are still confident about the property market... depending on the right location at the right price," Keeree said.

As for the rest of the year, Keeree said that the group may announce the success of some deals with business partners in the Rabbit smart card business.



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