

## Infrastructure

by Scott Younger



# Railways – To be or not to be

**I**N SEVERAL PARTS OF THE WORLD, RAILWAYS PROVIDED THE spur to the huge developments of the 19th century industrial revolution and the opening up of the pioneer lands of the United States and other countries.

They languished in the latter part of the last century as the era of the motor vehicle exploded and countries had to resort to building roads in a hurry.

In Indonesia this upgrading of the road network was a couple of decades behind the developed world, but demand for road space has now well surpassed supply and the urban areas of Indonesia face severe congestion on a daily basis.

What about railways? In fact there were more kilometers of railway in the mid-1940s than there are today, whether worldwide or in Indonesia. This vital transport sector has declined in relative importance over the years despite improvements in technology and more modern and faster trains.

However, as increasingly recognized for other urban and inter-urban situations, the day of rail transport, in its many manifestations, is about to make a comeback.

There is increasing pressure for space in urban areas, which worldwide are expanding at the rate of 3 million people per week. By the 2020s some 70% of the world's population will be directly and indirectly urban, and Indonesia follows the trend exactly.

The pressure of space draws attention to the attractiveness of fast modern rail networks, of whatever appropriate form, to play a major part in handling the millions of commuter journeys required every day.

Furthermore, modern railways have a significantly cleaner impact on the environment compared with motorized transport, assuming the use of electricity or gas as a means of propulsion.

Indonesia has approximately 6,790 km of rail track, much of it in disrepair, arguably more than 30% not in usable condition, and some sections requiring improved maintenance.

The estimated expenditure on rail, just for West Java and Banten, over the next 10 years is in the order of \$10 billion, or \$1 billion a year on average. This will require a significant input from the private sector.

There is current interest, especially from the Middle East, per-



haps a positive result for Indonesia from the world financial turmoil.

The government budget nationally for 2007 was \$350 million, which leaves a large amount that needs to be funded from other sources.

## The Jakarta plan

FOR THE GREATER JAKARTA AREA itself (Jabotadetabek), a comprehensive transport masterplan was prepared a few years ago. Rail transport featured highly in the study but, until recently, little attention has been paid to the implementation of the study's recommendations, the 1997/8 crisis, of course, causing some of the delay.

The key rail links in discussion for Greater Jakarta at this time concern the MRT, monorail, the upgrading and extension of suburban lines, and a link from the city center to the airport.

The promoters of the MRT say that it is important for the monorail to be built for the full functioning of the MRT, of which the northern 4 km will be underground, and they see this as a conditional precedent.

After much to-ing and fro-ing with the private sector, it would appear that there can be no agreement for the Dubai investor interested in financing the monorail, and this offer of private finance has been reluctantly withdrawn.

The project is now firmly in the hands of government to be funded via the local government, and will inevitably and sadly lead to further delay while agreements are reached with the project promoter, Jakarta Monorail.

It also raises the question as to how firmly committed is

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the government towards attracting private sector funding or is it going to start committing itself to a much higher level of expenditure from the public purse than it has so far, against the pressures of other key sectors of the economy?

From where, one may well ask? But each day that goes by with no activity is a loss in economic opportunity and, in the longer term, fails to address this key element within the immense social problems of a growing mega-city environment.

Important also is the need to upgrade and expand existing commuter lines and stations, many needing considerable investment, and to introduce new connections as the city expands and new suburban areas take off, new growth centers are established and linkages required.

## Airport option

IN APRIL 2007, A NEW RAILWAY LAW was enacted with a view to encouraging private sector investment. A key feature allows PT Kereta Api a three-year moratorium to strengthen its operating base and target specific opportunities, such as the proposal of an airport rail link to Soekarno-Hatta Airport from the center of the city.

With PT Angkasa Pura II, a joint venture special purpose company was formed, PT Railink, which carried out a feasibility featuring a route that largely

ran alongside the toll road access to the airport, and was latterly seeking financing in the market.

At this juncture, it is not clear how the idea will proceed, whether the optimum link has been found and whether private sector funding will form part of the final equation.

While the principle of having a fast and reliable rail link into the airport is sound, it will be important that this is well integrated into the rail developments for the city and the feeder routes identified in the masterplan.

In the meantime, China has realised that it has to spend heavily on its rail network, an amount in the order of US\$290 billion over the next ten years being mentioned. I would not bet against this taking place! GA

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