

MEDIA STATEMENT BY THE STATE GOVERNMENT OF PENANG

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This is a media statement by the Penang State Government responding to Penang Forum's article titled "Call for review of mega project: Penang transport masterplan" dated 7 June 2018. The article by Penang Forum is highlighted in the following news portals:

- **The Star (8th June 2018):** <https://www.thestar.com.my/metro/metro-news/2018/06/08/call-to-review-mega-projects-forum-revise-transport-master-plan-because-circumstances-have-changed/>
- **Free Malaysia Today (7th June 2018):** <http://www.freemalaysiatoday.com/category/nation/2018/06/07/ngo-time-to-review-rm46-bil-penang-transport-master-plan/>

1. The Penang State Government welcomes open discourse on the projects it implements including the Penang Transport Master Plan (PTMP), and while doing so, we wish to rectify the misleading statements found in the Penang article forum.
2. When Tun Daim and the Council of Eminent Persons ('CEP') began reviewing mega infrastructure projects (e.g. the East Coast Rail Link (ECRL) and KL-Singapore High Speed Rail (HSR)) to determine their benefit to the *rakyat*, it was in the context of using large sums of public funds to finance such mega projects and whether there would be a positive return to our nation and *rakyat*.
3. This is clearly different for the major components in Penang's PTMP, being the Bayan Lepas LRT and the Pan Island Link ('PIL') expressway, as both these key infrastructure projects would be **fully funded** by the revenues generated from the sales of land reclamation of the Penang South Reclamation project.
4. The fully funded nature of the LRT and PIL of the PTMP, is unlike any other mega infrastructure projects being critically reviewed by the CEP.

RFP Open Tender Initiated by the Penang State Govt

5. To recap, the State Government called for a Request for Proposal (RFP) between 15th August- 16th December 2014 to implement the Penang Transport Master Plan ('TMP') Strategy through the Project Delivery Partner ('PDP') concept.
6. The recommendations contained in the TMP Strategy were based on comprehensive studies by Halcrow (transport consultant), which were extensively reviewed by the State and those deemed effective and had high economic IRRs, were then selected for implementation within the TMP from 2013-2030.
7. Both local and international parties were invited to participate in the RFP. The RFP invitation was advertised in major newspapers. The key person coordinating the RFP was then Chief Engineer of the Local Government Division in 2015. We would like to reiterate that a RFP is a type of open tender.
8. The RFP had 5 critical objectives:
 - i. A well-defined and well-connected road network and dispersal systems for moving people and goods;
 - ii. A well-integrated and sustainable public transport system (on land and across the channel);
 - iii. Recommendations to improve accessibility, convenience and safety for all road users; and
 - iv. The funding model for the above.
 - v. And any other alternatives to i – iii, that would resolve the worsening congestion issues of Penang, and the mobility needs of its citizens

9. Six (6) bids comprising local and international bidders were received, and all were evaluated by KPMG. The evaluation was based on:
 - i. The quality of the TMP proposal, value proposition and delivery strategy;
 - ii. Bidder's technical capabilities and delivery track record;
 - iii. Bidder's financial standing;
 - iv. Funding/ business model; and
 - v. Proposal's strength and risk areas.
10. The State Govt was highly cognisant of the need to appoint a competent Project Delivery Partner ('PDP') with a strong delivery track record to successfully execute the TMP Strategy. Failure is not an option.

RFP Evaluation, Outcome and TMP Improvement

11. KPMG's independent evaluation concluded that the best overall proposal was from the SRS Consortium.
12. Substantial engagements and dialogue were done with State and Federal agencies to finetune SRS's Consortiums proposals to optimise it further. Furthermore, in the spirit of openness and transparency, engagements with Penang Forum were held by the State Govt, including an extensive two-day workshop from 24th-25th September 2016.

State Ownership and PDP role

13. Under the SRS Consortium proposal, both of the PTMP infrastructure components being the Bayan Lepas LRT and the PIL **belongs fully** to the Penang State Govt. The reclaimed land also **belongs fully** to the State Government, and its proceeds would be used to fund the LRT and PIL construction.
14. SRS Consortium is the PDP, responsible to deliver the entire project within cost and on time. The PDP will NOT be involved in the actual construction of the PTMP or the PSR.
15. As PDP, SRS Consortium would instead conduct open competitive tenders together with the State Govt in the awards of the construction work packages for all of the PTMP components and PSR, to ensure best value for the State. The PDP would manage the various contractors to ensure timely delivery and within budget.

Socio-economic need for the PSR, and its Master Planning

16. Apart from funding the PTMP, PSR is truly necessary to provide a crucial economic platform for the continuation of Penang's economic growth engines of;
 - (i) **the E&E sector** - new land adjacent to the current Bayan Lepas FIZ cluster is required together with adequate housing for knowledge, skilled and semi-skilled workers are required
 - (ii) **Tourism sector** – develop *new* tourist attractions within the reclaimed islands to maintain Penang's competitiveness in the regional tourism sector.
 - (iii) **(Other) Services sector** – new land and transport infrastructure is required to provide worker housing and mobility to enable continuing growth of this sector
17. The State intends to appoint an independent economic consultant soon to provide valuable data and recommendations, in this regard.
18. Furthermore, the State intends to conduct a Master Planning competition amongst top global architect and developmental teams, to ensure the best global minds are employed to provide the latest ground-breaking ideas in the Master Planning of the three reclaimed islands. Furthermore, the provision of substantial numbers of public and affordable housing would be a key agenda to ensure sustainable living standards at the reclaimed islands for all Penangites.

19. The three islands would be designed as Smart Cities, to leapfrog Penang into the future and provide a firm foundation of future economic growth.

Transparency and Public Participation

20. The State Govt has actively sought public feedback in the implementation of the PTMP where the RFP proposal by SRS Consortium was also put on Public Display from 16th Jan – 17 Feb 2017.

21. Acceding to public request, the RFP Public Display was later extended to 28 February 2017.

Well-Being of the Fishing Community

22. To safeguard the well-being of fishing communities in southern Penang, in-depth studies were carried out by the Penang State Govt, such as:

- a) Fisheries Impact Assessment
- b) Social Impact Assessment
- c) Marine Traffic Risk Assessment

With insights from the result of the studies, State Govt has taken a highly considered approach to continuously improve the livelihoods of the fishermen community in southern Penang Island.

For example, new fishermen jetties will be built along the beachfront and the ecology enhancement initiatives such as artificial reefs, fish aggregating devices and other related infrastructure would be built to ensure sustainable catch for the fishermen within the area. The State would also provide re-skilling training for those fishermen who wish to embark on alternative careers, as well as educational priorities to all children of fishermen.

Conclusion

23. The State has taken a highly balanced approach to ensure all stakeholders of Penang benefit in the implementation of the PTMP and the PSR project.

24. Most importantly, public coffers would not be unduly burdened by the project, and the rakyat would receive crucial transport infrastructure in the form of both the Bayan Lepas LRT and the PIL within several years.

25. Penang would also witness continuing vibrant economic growth via the new lands provided by the PSR, transforming Penang into a vibrant globally inter-connected Smart City of the future, whilst still retaining the heritage and cultural values of fishermen of South Penang.

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