



COVER STATEMENT FOR

**Press Conference by Penang Forum to launch the 'Better Cheaper Faster Penang Transport Master Plan' report & website (www.bettercheaperfaster.my)
on 13 July 2016**

1. The Penang Forum is pleased to launch our proposed 'Better Cheaper Faster' Penang Transport Master Plan and website.

This is an initiative by Penang's civil society NGOs to provide a viable alternative to, as well as insightful analysis and review of, the RM40 billion plus transport master plan prepared by SRS Consortium for the Penang State Government.

(SRS, which stands for South Reclamation Scheme, is a joint-venture between Gamuda Berhad, Ideal Property Development Sdn Bhd and Loh Phoy Yen Holdings Sdn Bhd.)

2. We are deeply alarmed by the apparent lack of clarity and transparency regarding the financial viability and immense financial risk that come with the projects under the SRS master plan, which comprises a mixture of LRT, monorail, tram (for George Town World Heritage Site only) and new road highway systems, each in different routes.

We must know in advance what kind of financial situation we are getting into before deciding on a project. A major reason for the financial failure of the Kuala Lumpur LRT and monorail projects is the poor or inaccurate information given to the government, preventing it from making the correct decisions.

The LRT system is not only more expensive to build, but costs 2 to 3 times more to operate and maintain compared to trams. We are in the dark on whether SRS's proposal provides any detailed financial projections and options of different alternative modes of public transport – LRT, monorail, tram and BRT – to choose from.

The Penang state government has the responsibility to provide the public such information before committing the state to such major liabilities.

3. We note that the LRT and Monorail systems in Kuala Lumpur are experiencing shortfall in ridership.

In KL both LRT companies ran into financial difficulties and could not service their debts. The federal government had to issue RM4.5 billion in bonds for the debts of these two companies while the KL Monorail was provided with a RM300 million soft loan. In November 2001, the Ministry of Finance purchased the outstanding debts of the two LRT companies totalling RM5.5 billion via another bond issue.

4. There are obvious concerns on the lack of convincing and effective contingency measures in case the projects proposed by SRS encounter financial setbacks.

Penang state's budgeted revenue in 2016 is RM700 million. Assuming the revenue doubles by 2023, RM126 million deficit on this one LRT line is about 10% of the state budget. What about the financial costs of all the other LRT, monorail, tram, BRT and highways?

What if the state is unable to finance the deficit and no financial help from the federal government is forthcoming? Will the projects be stopped? Who will bail out the projects?

Is the Penang State Government state able to afford to such high deficits? Will they impair the financial stability of the state?

5. The modern tram and BRT (Bus Rapid Transit) based public transport system are both cheaper to build and cheaper to operate and maintain.

Interviews with two of the largest tram manufacturers in the world confirmed average construction costs including civil works, rolling stock and signalling plus communication systems range from Euro 18 -25 million (RM83 - RM115) per kilometre – far less than what would cost for LRT and monorail under the SRS proposal.

For example, our calculations show that for the George Town-Bayan Lepas International Airport route, the construction cost per km for a tram system would come up to RM80 million compared to RM220 million for an LRT system. The total construction cost for the same route would be RM1.6 billion for the tram and RM4.4 billion for the LRT. The carrying capacity (PPDP - passengers per hour per direction) for the tram would be between 7, 000 and 20,000 riders compared to 18,500 for the LRT. And the annual operating and maintenance cost for the tram would be RM67 million, compared to RM170 million for the LRT.

Accordingly, the tram would see a projected surplus of RM20.5 million and the LRT would face a deficit of –RM82.5 million for the George Town- Bayan Lepas International Airport route if ridership is at 25 million per year.

6. Download the report, including the Executive Summary and a soft copy of this document at: <http://www.bettercheaperfaster.my/report>
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The Penang Forum is a coalition of progressive public-interest civil society groups based in Penang, Malaysia. We aim to promote participatory local democracy, sustainable planning and development, economic justice, affordable housing, environmental consciousness, sustainable transport, workers' rights and heritage conservation.

A Steering Committee guides the direction of the Penang Forum coalition and organises events and campaigns. It is run in the spirit of consultation and consensus as a collective without a permanent secretariat. No one group or individual dominates the coalition.

Periodically, the group organises major events which bring together Penang-based civil society groups and concerned individuals to discuss issues of importance to the state and then highlights these to the Penang state government.

The first Penang Forum was held in 2008, soon after Pakatan Rakyat, an opposition alliance, wrested control of the state from the Barisan Nasional. The genesis of the Penang Forum can be traced to the Pesta Rakyat Merdeka event in 2007, organised by Penang-based civil society groups to mark the 50th anniversary of Merdeka. The cooperation among these NGOs was further strengthened through their involvement in the successful Anti-PGCC campaign in 2007-2008 to oppose the Penang Global City Centre project at the site of the Penang Turf Club.