



## Persatuan Pengguna Pulau Pinang Consumers Association of Penang

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### Press Release

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#### **Penang state government should review its mega projects**

The federal government has announced it is reviewing expensive projects in view of the high debts and the need to improve the financial situation. CAP congratulates the government for this move. So far the Kuala Lumpur-Singapore High Speed Rail project and the Klang Valley MRT 3 project have been cancelled while the East Coast Rail Link (ECRL) and other projects are being reviewed.

CAP congratulates the federal government for these bold and quick moves to save much-needed funds and improve the nation's finances.

This review of mega projects should not be limited to federal projects. The same review should be done by state governments, on the same principle of avoiding luxury projects and saving costs to protect the finances of the nation and state and the rakyat's future.

The Penang state government should review the expensive projects it is involved in, and put them on hold until such a review is completed.

CAP is concerned that the new Chief Minister has made it a priority to speed up the implementation of the state's expensive projects especially those related to the Transport Plan. He even hoped that the new Finance Minister, who is the previous Penang Chief Minister, will be able to assist Penang in getting the projects implemented.

With the country going on an austerity drive, there must be a re-prioritising of how the limited funds are spent. CAP agrees that there should be increased allocations for the most basic projects, especially flood prevention and flood mitigation, rehabilitation of hills and hill-slopes that have suffered from landslides, enlargement of the forest and catchment areas, and improving the coastal environment. Billions of ringgit are required for these activities, and the federal government should allocate the needed funds to Penang.

However, it appears that the state government is placing higher priority on the group of projects under the Penang Transport Master Plan (PTMP), which together is reported to cost up to RM 46 billion, according to press reports in June last year, which quoted YAB Chow KonYeow, the present Chief Minister of Penang, who was then a State Exco member.

The projects include a RM6.43 billion undersea tunnel and three paired roads; Light Rail Transit (LRT) project; Penang South Reclamation (PSR) including reclaiming land for creating three man-made islands totalling 1,800 hectares; highways; and major development at Gurney Drive. In addition, there is also a plan for a cable car to Penang Hill with a terminal point at the Botanical Gardens.

From what we know, the projects are very expensive. One of the planned roads is from Teluk Bahang to Tanjung Bungah at an expected cost of RM1 billion. The road is only 10.5 kilometers and is expected to save only 14 minutes of car travel time. It must be one of the most expensive roads in the country if not the world.

The state government claims the PTMP projects will be financed by the private sector. But the state is giving land and land rights (including for reclaimed land) to the private developers. Moreover, if some of the transport projects are not able to recover the costs for the companies (for example because the number of passengers or the fares are too low), will the government bail them out?

There is insufficient information given to the public on all the components of the PTMP. The state government must provide all the details on each of the projects, the costs, the financing, the assumptions on passengers and fares or tolls and on the number and prices of housing units to be built by the developers, and the environmental and social impacts.

The costs appear to be very high. For example, the cost of the feasibility study and design alone is reported to be over RM300 million for the three paired roads.

There are cheaper alternative ways to improve transport, especially if the focus is on expanding public transport and not cater to private transport. According to a report in The Star (31 May), public transport experts say that scrapping the MRT3 Line in Klang Valley will allow the government to review the costly project and look for cheaper alternatives. A transport expert was quoted as saying there are cheaper alternatives including a mix of road, rail and public transport systems that could use buses or trams adapted from world-class cities.

CAP calls on the Penang Chief Minister YAB Chow KonYeow and the state government to:

- > Review the Penang Transport Master Plan (PTMP) with a view to cutting costs and consider alternatives.
- > Put on hold all projects related to the PTMP as well as other luxury and mega projects until the review is completed.
- > Consider alternative plans for transport that focus on public transport and that are cheaper.
- > Give priority to use the limited funds including from the federal government for flood prevention and mitigation, repair of eroded hillslopes and rehabilitation and protection of forests, water catchment areas and coastal resources.
- > Make public the details of all the components of the PTMP including estimates of costs, financing, loans and assumptions of cost recovery.
- > Make public the agreements entered into by the state and local authorities with the developers and proponents of the PTMP and other expensive projects in Penang state.

The former Chief Minister of Penang is now the Finance Minister playing an important role in reviewing federal projects and cutting costs.

Penang should be a model state in also reviewing its projects and cutting costs, and not stand out for going against the national trend.

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