MALAYSIA’S PUBLIC TRANSPORTATION SECTOR & REVIVING MALAYSIA’S INFRASTRUCTURE PRIVATISATION
1. BACKGROUND

2. KEY PUBLIC TRANSPORTATION PROJECTS IN MALAYSIA

3. ECONOMIC VS FINANCIAL
   ➢ PUBLIC TRANSPORTATION (going back to basics)

4. SUSTAINABLE PRIVATISATION MODEL IN MALAYSIA

5. CONCLUSION
BACKGROUND

MALAYSIA’S PUBLIC TRANSPORTATION SECTOR & REVIVING MALAYSIA’S INFRASTRUCTURE PRIVATISATION
HISTORY OF PUBLIC TRANSPORT IN MALAYSIA

**BUS**
- **1885**: First section Malayan Railway goes into operation.
- **1975**: Minibus is the most popular mode of public transportation.
- **1995**: Minibus ceases operations & taken over by Intrakota.
- **1998**: Syarikat Prasarana Negara Bhd established to assist bus industry reformation.
- **2001**: Rapid KL established to restructure LRT, monorail & bus system.
- **2005**: Rapid KL takes over all public bus system in Greater KL & Klang Valley.

**LRT**
- **1996**: Star LRT begins operation.
- **1998**: Putra LRT begins operation.
- **2002**: Star & Putra LRT incorporated into Prasarana & renamed.
- **2004**: Rapid KL takes over Star line & Putra line and rename it Ampang & Kelana Jaya line respectively.
- **2006**: Rapid KL incorporated all LRT, Monorail & Bus System.
- **2005**: Rapid KL takes over all public bus system in Greater KL & Klang Valley.
- **2006**: Rapid KL incorporated all LRT, Monorail & Bus System.
- **2010**: Ampang Line Extension.

**MONORAIL**
- **2003**: Monorail begins operation in KL.

**TRAIN**
- **1885**: First section Malayan Railway goes into operation.
- **1886**: Federated Malay States Railway created.
- **1948**: Keretapi Tanah Melayu (KTM) formed.
- **1992**: Keretapi Tanah Melayu (KTM) corporatized into KTMBHD.
- **1995**: KTM commuter begins operation. Malaysia’s first to be run on electricity began taking passengers between KL and Rawang.
- **2002**: Malaysia’s first high-speed train, KLIA Express between KL Sentral and KLIA & KL City Air Terminal launched.
- **2016**: MRT SBK Phase 1 begins operation.

**TAXI**
- **1885**: First section Malayan Railway goes into operation.
- **1990**: Taxi introduced.
**VARIOUS MODES OF TRANSPORTATION SERVE THE GREATER KLANG VALLEY.**

### Private Vehicles via Extensive Road Network
(Expressways, Federal State and Local Roads)

- GCE
- SKVE
- SUKE
- AKLEH
- KESAS
- ELITE
- MEX
- NPE
- NKVE
- LDP
- DASH
- SPRINT
- EKVE
- DUKE

### Railway Network

- **MRT**
  - Sungai Buloh-Semantan-Kajang Line
  - Ampang Line
  - Kelana Jaya Line
- **LRT**
  - ERL KLIA Express Line & Transit Line
  - Skypark Link
- **Airport Link**
  - Batu Caves-Tampin Line
  - Tg.Malim-Pel.Klang Line
  - KL to Seremban
  - KL to Klang
  - KL - Ipoh
- **KTM Komuter**
  - KL Monorail Line (between KL Sentral and Titiwangsa)

### BRT / Bus Network

- **Rapid KL Bus Network**
- **KL Hop-On Hop-Off Bus Line**
- **BRT Sunway Line**

### Taxis

- **Grab**
- **EzCab**
- **MyCar**
- **RYDE**
Malaysia's Engineering DNA

BACKGROUND

CURRENT SCENARIO IN URBAN KLANG VALLEY

Economic

The cost of congestion in KGL:
1.1% - 2.2% of GDP in 2016 equivalent to RM6,144 person/year

In Kuala Lumpur, 10% of household income is used for transport

Compared to 4% in Tokyo and Hong Kong

Environment

Total carbon emission:
7.9 tonne/capita in 2011 in Malaysia compared to average for higher middle income countries at 5.4 tonne/capita

The carbon emission in the transport sector is largely from land transport, constituting 90% (48,200 ktonne) & 67% is from cars

Safety

Total fatality: 24
Fatality rate for every 100,000 population

Compared to:
- 10.7 in Korea
- 33.5 in Thailand
- 19.7 in Indonesia

Daily Average Ridership for Rail & Bus Services

<table>
<thead>
<tr>
<th>Service</th>
<th>2016 Average</th>
<th>2017 Average</th>
<th>2018 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>LRT KJ Line</td>
<td>254,854</td>
<td>272,684</td>
<td>282,094</td>
</tr>
<tr>
<td>LRT Ampang Line</td>
<td>185,131</td>
<td>184,974</td>
<td>189,059</td>
</tr>
<tr>
<td>KTM Komuter</td>
<td>113,169</td>
<td>96,809</td>
<td>79,580</td>
</tr>
<tr>
<td>Monorail</td>
<td>63,778</td>
<td>48,764</td>
<td>40,295</td>
</tr>
<tr>
<td>ERL</td>
<td>25,524</td>
<td>25,709</td>
<td>25,550</td>
</tr>
<tr>
<td>MRT Line 1</td>
<td>3,145</td>
<td>65,117</td>
<td>142,488</td>
</tr>
<tr>
<td>RapidKL Stage Bus</td>
<td>356,297</td>
<td>299,366</td>
<td>267,466</td>
</tr>
<tr>
<td>SMART Selangor</td>
<td>11,405</td>
<td>29,160</td>
<td>14,303</td>
</tr>
<tr>
<td>PJ City Bus</td>
<td>10,830</td>
<td>13,623</td>
<td>9,603</td>
</tr>
<tr>
<td>BRT Sunway</td>
<td>5,382</td>
<td>7,244</td>
<td>47,052</td>
</tr>
<tr>
<td>MRT Feeder Bus</td>
<td>1,253</td>
<td>22,506</td>
<td>70,764</td>
</tr>
<tr>
<td>GoKL Bus</td>
<td>51,812</td>
<td>63,218</td>
<td>61,926</td>
</tr>
<tr>
<td>Other Bus Operators</td>
<td>73,136</td>
<td>72,734</td>
<td>3,655</td>
</tr>
<tr>
<td>Putrajaya Bus</td>
<td>7,001</td>
<td>4,203</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Ridership</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,162,717</td>
</tr>
<tr>
<td>2017</td>
<td>1,206,111</td>
</tr>
<tr>
<td>2018 (Jan-Mar)</td>
<td>1,276,494</td>
</tr>
</tbody>
</table>

KPI target: 1,350,000
% achieved: 95%

Modal Share 20%

(85% - 90% Are Work, Business & Student Journeys - Mon - Fri)
• Urban population in Malaysia was 75.37%. (2016)

• GDP growth & population expansion: Unprecedented growth - Urban transportation landscape.

• Klang Valley - Focus of urban transport schemes. Penang/ Johor Bahru (BRT, RTS) are under planning / implementation.

Source: Economic Outlook 2019, MOF

Source: World Population Review 2019
Background

GDP Growth in Urban Cities

- % p.a GDP growth from 2015 to 2019
- Forecast GDP growth of 4.9% in 2019
- High levels of congestion - Impact on GDP
- Serious toll on the quality of life and urban productivity.

Top 5 States with Highest GDP Contribution to Malaysian Economy

<table>
<thead>
<tr>
<th>State or Federal Territory</th>
<th>2010 GDP (RM Mil)</th>
<th>2011 GDP (RM Mil)</th>
<th>2012 GDP (RM Mil)</th>
<th>2013 GDP (RM Mil)</th>
<th>2014 GDP (RM Mil)</th>
<th>2015 GDP (RM Mil)</th>
<th>2016 GDP (RM Mil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selangor</td>
<td>177,718</td>
<td>187,434</td>
<td>200,906</td>
<td>212,645</td>
<td>226,964</td>
<td>239,968</td>
<td>280,698</td>
</tr>
<tr>
<td>Kuala Lumpur</td>
<td>113,095</td>
<td>122,890</td>
<td>131,514</td>
<td>140,534</td>
<td>152,380</td>
<td>160,388</td>
<td>190,075</td>
</tr>
<tr>
<td>Sarawak</td>
<td>87,131</td>
<td>92,700</td>
<td>94,013</td>
<td>98,089</td>
<td>102,318</td>
<td>106,063</td>
<td>121,414</td>
</tr>
<tr>
<td>Johor</td>
<td>74,102</td>
<td>78,946</td>
<td>84,050</td>
<td>87,974</td>
<td>93,665</td>
<td>98,880</td>
<td>116,679</td>
</tr>
<tr>
<td>Penang</td>
<td>52,946</td>
<td>55,827</td>
<td>58,353</td>
<td>61,324</td>
<td>66,200</td>
<td>69,844</td>
<td>81,284</td>
</tr>
</tbody>
</table>

Source:
1. Department of Statistics, Malaysia

Urban Cities contributed a majority portion of 62% of the overall Malaysian GDP in 2016

Best Targets to increase GDP through journey time savings
BACKGROUND

TRAFFIC GROWTH IN URBAN CITIES IN MALAYSIA

Significant population and economic growth - increase in the number or registered vehicles.

Source:
1. Ministry of Transport Malaysia
2. Journal of Traffic and Logistics Engineering Vol. 3, No. 1

Top 5 States in Malaysia with Highest No. of Registered Vehicles in 2018

<table>
<thead>
<tr>
<th>State</th>
<th>Private Cars</th>
<th>Public Service Vehicles (PSV)</th>
<th>Goods Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johor</td>
<td>1,498,587</td>
<td>20,365</td>
<td>66,183</td>
</tr>
<tr>
<td>Federal Territories</td>
<td>3,987,468</td>
<td>78,752</td>
<td>122,509</td>
</tr>
<tr>
<td>Selangor</td>
<td>1,157,268</td>
<td>24,273</td>
<td>104,724</td>
</tr>
<tr>
<td>Penang</td>
<td>1,130,601</td>
<td>9,586</td>
<td>26,710</td>
</tr>
<tr>
<td>Sarawak</td>
<td>813,569</td>
<td>5,834</td>
<td>71,782</td>
</tr>
<tr>
<td>Others</td>
<td>4,701,304</td>
<td>46,225</td>
<td>813,836</td>
</tr>
<tr>
<td>Total</td>
<td>13,288,797</td>
<td>185,035</td>
<td>1,205,744</td>
</tr>
</tbody>
</table>

Urban Cities Contributes to 56.3% of Registered Vehicles

Expected Total Person Trips – 14 million per day with 3 million cars per day

Public Transport, road and highways must be planned together to complement one another

Modal Shift - Planned & Driven by Policies
• Public Transport as the People’s Choice for Mobility

• National Target
  ➢ Modal share currently 20-25%; target at 40% by 2030 (NKRA) - Greater KL
KEY PUBLIC TRANSPORTATION PROJECTS IN MALAYSIA

MALAYSIA’S PUBLIC TRANSPORTATION SECTOR & REVIVING MALAYSIA’S INFRASTRUCTURE PRIVATISATION
### KLANG VALLEY DOUBLE TRACKING PHASE 1

- **Total Length**: 42 km
- **Stations**: 16

<table>
<thead>
<tr>
<th>Phase</th>
<th>Location</th>
<th>Length</th>
<th>Stations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1A</td>
<td>Rawang – Simpang Batu</td>
<td>12 km</td>
<td>4</td>
</tr>
<tr>
<td>1B</td>
<td>KL – Simpang Bangsar</td>
<td>16 km</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>Simpang Batu – KL</td>
<td>10 km</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Sentul – Simpang Batu</td>
<td>12 km</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Simpang Bangsar – Salak Selatan</td>
<td>12 km</td>
<td>4</td>
</tr>
</tbody>
</table>

### GEMAS TO TUMPAT REHABILITATION

- **Total Length**: 122 km
- **Stations**: 199

<table>
<thead>
<tr>
<th>Package</th>
<th>Location</th>
<th>Length</th>
<th>Stations</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Gemas – Mentakab</td>
<td>12 km</td>
<td>4</td>
</tr>
<tr>
<td>B</td>
<td>Mentakab – Gua Musang</td>
<td>19 km</td>
<td>3</td>
</tr>
<tr>
<td>C</td>
<td>Gua Musang – Tumpat</td>
<td>19 km</td>
<td>3</td>
</tr>
</tbody>
</table>

### MASS RAPID TRANSIT (MRT) 2

- **Location**: Malaysia
- **Total Length**: 52.2 km
- **Stations**: 36
- **Speed**: 80 kph
- **Elevated**: 38.75 km (24.08 mi)
- **Underground**: 13.5 km (8.4 mi)
- **Track Electrification**: Third rail, 750 VDC

<table>
<thead>
<tr>
<th>Location</th>
<th>Total Length</th>
<th>Stations</th>
<th>Speed</th>
<th>Elevated</th>
<th>Underground</th>
<th>Track Electrification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>52.2 km</td>
<td>36</td>
<td>80 kph</td>
<td>38.75 km</td>
<td>13.5 km</td>
<td>Third rail, 750 VDC</td>
</tr>
</tbody>
</table>
**LIGHT RAIL TRANSIT (LRT) 3**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel Time</td>
<td>&lt; 60Min</td>
</tr>
<tr>
<td>Total Length</td>
<td>37KM</td>
</tr>
<tr>
<td>Stations</td>
<td>20</td>
</tr>
<tr>
<td>Provisional Stations</td>
<td>5</td>
</tr>
<tr>
<td>Integrated Stations</td>
<td>2</td>
</tr>
<tr>
<td>Modular</td>
<td>3 Cars Accessible End to End</td>
</tr>
<tr>
<td>Speed</td>
<td>80 km/h Operational Speed</td>
</tr>
<tr>
<td>Capacity</td>
<td>18,630 Passengers P/H Per Direction</td>
</tr>
<tr>
<td>Frequency</td>
<td>6 Minutes during peak hours</td>
</tr>
</tbody>
</table>

**KLANG VALLEY DOUBLE TRACKING PHASE 2**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of stations</td>
<td>16 stations</td>
</tr>
<tr>
<td>Traction</td>
<td>Electric</td>
</tr>
<tr>
<td>Formation</td>
<td>Double-track</td>
</tr>
<tr>
<td>Route Length</td>
<td>Package A - 43.20km</td>
</tr>
<tr>
<td></td>
<td>Package B - 59.20km</td>
</tr>
<tr>
<td></td>
<td>Package C - 46.30km</td>
</tr>
</tbody>
</table>
**GEMAS-JOHOR BAHRU RAIL (DOUBLE TRACKING & ELECTRIFICATION)**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel Time - KL Sentral-JB Sentral:</td>
<td>3 hours and 30 minutes</td>
</tr>
<tr>
<td>Frequency</td>
<td>22 train services a day</td>
</tr>
<tr>
<td>Seating Capacity</td>
<td>346 passengers per train</td>
</tr>
<tr>
<td>Track Distance</td>
<td>192km</td>
</tr>
<tr>
<td>Stations</td>
<td>11 stations</td>
</tr>
<tr>
<td>Designed Speed</td>
<td>160Km/h</td>
</tr>
</tbody>
</table>

**ISKANDAR BRT**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit type</td>
<td>Bus rapid transit</td>
</tr>
<tr>
<td>Number of lines</td>
<td>72 (3 trunk, 26 direct and 42 feeder BRT route)</td>
</tr>
<tr>
<td>Began operation</td>
<td>Expected 2021</td>
</tr>
<tr>
<td>Operator(s)</td>
<td>Causeway Link, Maju, S&amp;S International, City Bus, JB Central Line, Kembara City</td>
</tr>
<tr>
<td>Number of vehicles</td>
<td>Articulated 18m (Trunk route), 12m bus (Direct route) and 8m bus (Feeder route)</td>
</tr>
<tr>
<td>System length</td>
<td>51 km (32 mi) First Phase</td>
</tr>
<tr>
<td>Project</td>
<td>Stations</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>MASS RAPID TRANSIT (MRT) 3</td>
<td>: 26</td>
</tr>
<tr>
<td>JOHOR – SINGAPORE RTS</td>
<td>: 2</td>
</tr>
<tr>
<td>KL – SINGAPORE HIGH SPEED RAIL (HSR)</td>
<td>: 91.6 km</td>
</tr>
</tbody>
</table>

**Total Stations:** Elevated Stations, UG Stations, Services, Conduction system, Line length, Elevated, Underground, Track gauge, Operating speed.

- **Station:** 26
- **Elevated Stations:** 7
- **UG Stations:** 19
- **Services:** Orbital, Automated and driverless
- **Conduction system:** Automated and driverless
- **Line length:** Elevated: 40 km (25 mi), Elevated: 8 km (5.0 mi), Elevated: 32 km (20 mi)
- **Track gauge:** 1,435 mm
- **Max 100 km per hour**

**KL – SINGAPORE HIGH SPEED RAIL (HSR):**
- **Elevated:** 91.6 km
- **At-grade:** 256.1 km
- **Tunnel:** 2.3 km
- **Station:** 8 stations
- **Line length:** 350 km
- **Operating speed:** 320 km/h (200 mph)
- **Rolling stock:** 10-car trainsets capacity for up to 100 passengers per car
### Key Public Transportation Projects in Malaysia

#### Upcoming Projects

**BAYAN LEPAS LRT**

- **Stations**: 27
- **Services**: George Town – Bayan Lepas
- **Planned opening**: 2024; 4 years’ time
- **Owner**: Penang state government
- **Character**: Elevated
- **Depot(s)**: Island A
- **Line length**: Phase 1: 23.5 km (14.6 mi); Phase 2: 6.4 km (4.0 mi)

**NORTH & SOUTH FREIGHT BYPASS**

- **Total Length**: 138 km
- **Type of Gauge**: Meter Gauge
- **Track**: Double Track
- **Traction**: Electric
- **Operating Speed**: 90kph (freight service); 140kph (commuter service)

**KUCHING TRANSIT**

- **Total Length**: 104.71 km
- **Elevated At-grade**: 52.38 km
- **Tunnel**: n/a
- **Line 1**: 67 stations
- **Station**: Kota Samarahan to Damai via Sungai Batu, 62.4 km, 28 stations.
- **Line 2**: 62 stations
- **Station**: Serian to Senari via Siburan, 82 km, 26 stations
- **Line 3**: 12.8 km, 13 stations, tram system.
ECONOMIC VS FINANCIAL PUBLIC TRANSPORTATION—going back to basics

MALAYSIA’S PUBLIC TRANSPORTATION SECTOR & REVIVING MALAYSIA’S INFRASTRUCTURE PRIVATISATION
Improvements to overall accessibility and connectivity

1. Productivity
2. Employment
3. Business activity
4. Property values
5. Investment and tax revenues

Increases

Improves

1. Provision of goods & services
2. Access to education & employment
3. Transportation costs
4. Travel time
5. Vehicle operating costs

Multiplier effect

GDP and overall economy
Public Transportation
(Government Objectives – Economic, Environment & Safety)

ECONOMIC CASE (CAPEX)

• Accessibility & Connectivity
• Direct Impact (Improves Transportation Cost / Travel Time / VOC / Reduces Carbon Omission)
• Indirect Impact (Productivity Employment / Business Activity / Property Values / Investment)
• GDP & Overall Economy (Multiplier Effect)
• Environment (Carbon Emissions)
• Safety (Accidents)

FINANCIAL CASE (CAPEX)

• Heavy Reliance on Fare Box Revenues
• Low Ridership
• High Operations & Maintenance Cost
• Reliance on short term bank loans

Possible Business Case for O&M

Government Policies to drive demand

X

LVC?
Government Policies to check imbalance in between supply and demand & vice versa

- Private Vehicle Ownership
- Congestion Charges/Area Road pricing
- Urban Parking Charges
- Property Taxes within Urban Transport Corridor

Can only be done in Stages with Improved Public Transportation (Last Mile Connectivity)

Target Modal Shift (In stages) (TVM)
- Motorcycles?
- Private Cars
ECONOMIC VS FINANCIAL
LAND VALUE CAPTURE

- **MECHANISM A**
  - VALUE CAPTURE THROUGH THE MAINSTREAM TAXATION SYSTEM

- **MECHANISM B**
  - SPECIAL FEES & LEVY

- **MECHANISM C**
  - DIRECT PROPERTY—RAIL AGENCY AS DEVELOPER IN THE ‘EAST ASIAN’ STYLE

- **MECHANISM D**
  - AUCTION OF DEVELOPMENT RIGHTS

- **MECHANISM E**
  - A COMPREHENSIVE TOD AGENCY (WITH VALUE CAPTURE CAPABILITIES)
ECONOMIC VS FINANCIAL ACTION PLAN

➢ Identify project with Best Economic Value (Direct/In-direct/Induced)

➢ Possible Business Case - “O&M”

Sustainable Privatization Model
(A case for Private Sector Operators)
SUSTAINABLE PRIVATISATION MODEL IN MALAYSIA

MALAYSIA’S PUBLIC TRANSPORTATION SECTOR & REVIVING MALAYSIA’S INFRASTRUCTURE PRIVATISATION
Malaysia’s economic growth is projected to be between -2.0% and +0.5% in 2020.

Prior to COVID 19, the construction sector is already distress.

Source: World Bank/Bank Negara Malaysia
Covid-19 pandemic - Additional strain on the Government’s financial resources.

Relook at privatization of urban public transport infrastructure projects - without straining financial resources.

Government spending and private sector investment will drive the economy.

Prioritization of ‘Business Case’ Infrastructure Projects.
SUSTAINABLE PRIVATISATION MODEL IN MALAYSIA

PRIVATISATION OVERVIEW

- PLANNING AND RECALIBRATION
- TRANSPARENCY
- SHIFTING MINDSET
- RISKS
- BUSINESS CASE

SHIFT IN MINDSET & LEVEL OF TRUST
Policies at Federal, State and Local Government levels

- **Short Term Planning** (Detailed & more definitive plans)
  - 5 – 10 Years

- **Medium Term Planning** (More Macro Level)
  - 5 – 15 Years

- **Long Term Planning** (More Macro Level)
  - 10 – 25 Years

**Consistent & Correlate**
Policies: Adjust Gaps “Demand vs Supply” (Need to Recalibrate every five (5) years)

- Development Plan Basis
- Government agencies - essential requirements (leading to formulation of 5-year plan).

Recalibrated at all levels: Planned demand and planned supply within acceptable range

Scenario planning:
- Low case
- Base case
- High case

Effect strategy and timeline for implementation of planned supply
In line with Federal, State & Local Government plans (Short, medium and long term)

Tendered out (External experts / consultants)

Baseline business case for commercial evaluation.

Appointed consultants must be retained (concession period) – “Check & Balance”

Post Signing of Concession Agreements (CA) - Public viewing
Mindset Change - Traditional supplier of debt to that of a transitional equity holder.
• Remove element of ‘pre-borrowing’

“Arms length” relationship (Segregation of Roles)
➢ Investment, contracting, operations and maintenance (O&M).

Planning & governance (Procurement to operations).
• Government - ‘enabler’ rather than a mere regulator.
• Assistance
  ➢ Monetary grants (Low or zero interest).
  ➢ Non-monetary grants (Guaranteed Off-take clauses)
  ➢ Assist developer to negotiate loans with more favorable terms.
• CESS collection :- Dedicated Infrastructure Fund
SUSTAINABLE PRIVATISATION MODEL IN MALAYSIA

RISKS

- Notional transference of risks
- Acceptable returns - concessionaires “behave” professionally.
- “Decent/ acceptable” profits - mitigating & managing risks – appropriate reward
SUSTAINABLE PRIVATISATION MODEL IN MALAYSIA

BUSINESS CASE

- Continuous Identification of projects: Range of ‘Business Cases’.
- Roll Out – Consider Short / Medium & Long term horizon
- All levels of Government - Coordinated Actions
- Suitable, well designed with sufficient returns Projects - Attract private sector investments.
- Suitability of Projects – Guidance from the Consultants
SUSTAINABLE PRIVATISATION MODEL IN MALAYSIA
BUSINESS CASE

• Privatization Considerations

☐ Financially acceptable to Private Sector?
☐ Adequate financial incentive to participate?
☐ Benefits, returns and costs to private and public investors?
☐ Benefits, returns and costs of a project - Four primary stakeholders?

• Review of Business Case

☐ Capital expenditure (CAPEX) – Does not apply for most if not all “Urban transport”
☐ Operating expenditure (OPEX) – Partial or Full
☐ Government support instruments – Grants and subsidies. (Policy?)

• Independent consultants reviews are critical

☐ Complex web of stakeholders
☐ Calibrated Money flows (Financially Viable & Economically Beneficial)
☐ Professional project assessment with clarity for decision makers
CONCLUSION

MALAYSIA’S PUBLIC TRANSPORTATION SECTOR & REVIVING MALAYSIA’S INFRASTRUCTURE PRIVATISATION
• Financial Case for Public Transportation – Applies for O&M only, NOT for CAPEX (Mostly)

• Government Support Models (Policies & Funding) - Essential for Projects with Economic Case

• Land Value Capture (LVC) – Possible Future Funding ??

• Planning & Recalibration
• Transparent Structured Approach
• Shifting and Changing Mind-sets
• Assigning Appropriate Risks to Relevant Primary Stakeholders
• Viable Business Case

Sustainable Infrastructure Privatization Model