



MEDIA RELEASE

MINISTRY OF FINANCE MALAYSIA

Total cost of the LRT3 Project Reduced By 47% from RM31.65 billion to RM16.63 billion, Saving Malaysians RM15.02 billion

On 30 March 2018, Prasarana Malaysia Bhd submitted the latest projected cost of the LRT3 project which amounted to RM31.65 billion. At the same time, Prasarana sought an additional financing of RM22 billion in the form of government guarantees, on top of the initial RM10 billion granted in 2015 to finance the project.

Cabinet, at its meeting yesterday has approved the continuation of the LRT3 project at a final cost of RM16.63 billion. The final total cost of the LRT3 project is reduced by 47% from RM31.65 billion to RM16.63 billion, saving Malaysians a total of RM15.02 billion. This cost will include all project costs, including but not limited to Work Package Contracts (WPC), land acquisition, project management, consultancy fees, operational and overhead costs, as well as interest during construction.

The 37km Light Rail Transit 3 (LRT3) project is a critical project meant to alleviate the issue of traffic congestion along one of the most important and densely populated economic development corridors in the Klang Valley, from Klang to Petaling Jaya. The new LRT line is expected to serve a 2-million population with the capacity to transport 36,700 passenger per hour each way.

A thorough renegotiation and rationalization exercise of the LRT3 project was undertaken with all key stakeholders including Prasarana, MRCB-George Kent joint venture (MRCB-GK JV) who is the Project Delivery Partner (PDP) and Land Public Transportation Commission (SPAD). One critical criteria for the review was that the integrity of the 37km LRT3 line from Johan Setia (Klang) to Bandar Utama (Petaling Jaya) must be maintained. In addition, the safety, frequency and quality of service must meet the requirements of the regulators.

Among the key steps taken to reduce and rationalize the cost of the project include:

- i. Reducing the order of 42 sets of 6-car trains to 22 sets of 3-car trains. Based on the feasibility study of the LRT3 project, the 22 sets of 3-car trains is more than sufficient to cope with the anticipated passenger demand until the year 2035 before additional 3-car trains need to be ordered.
- ii. Reducing the construction size of the LRT train depot due to the significantly reduced number of LRT trains to be acquired.
- iii. Streamlining the size and design of the LRT stations based on Kelana Jaya LRT line standards instead of being benchmarked against the much larger MRT stations.
- iv. Shelving the construction of 5 stations with very low projected passenger ridership until such a time the demand is deemed necessary for these stations to be built. These provisional stations are Lien Hoe, Temasya, SIRIM, Bukit Raja and Bandar Botanic.
- v. Cancelling an unnecessary 2km tunnel for the LRT together with an underground station at Persiaran Hishamuddin, Shah Alam.

- vi. Extending the timeline to complete the LRT3 project from 2020 to 2024 in order to further reduce construction cost which was inflated due to 'acceleration costs' ie to speed up the project incurs additional costs.

In addition, the construction of the LRT3 project will be restructured from a PDP model to a "fixed price contract" with MRCB-GK JV. This will ensure that the price will be fixed and will not be subject to cost overruns. The details of this contract will be disclosed at a later stage.

The savings of more than RM15 billion would not only mean a massive reduction of RM15 billion in debt to be incurred, but also result in additional savings to the tax-payers of up to RM14 billion in interest cost over the period of the loan financing.

The 47% reduction in cost demonstrates that the new Federal Government is walking the talk in securing significant cost reductions for excessively-priced project caused by the poor governance of the previous government.

Sayang! Malaysiaku!

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Putrajaya
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