

CHALLENGES AND WAY FORWARD ON BROWNFIELD DEVELOPMENT VIA PPP

Presented by :

Dato' Dr. Tan Yew Chong

Deputy Director General (Development II)

Public-Private Partnership Unit,

Prime Minister's Department of Malaysia

11th August 2015

Royale Chulan, Kuala Lumpur

*This paper is not to be published in part or in full without prior written permission from
Public-Private Partnership Unit, Prime Minister's Department of Malaysia*



PRESENTATION OUTLINE

- Introduction
- Challenges
- The Way Forward
- Conclusion



Introduction

INTRO – BROWNFIELD DEVELOPMENT

No common definition on brownfield adopted



Brownfield is real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant (US EPA, 2011)

Brownfield' land is an area of land or premises that has been previously used, but has subsequently become vacant, derelict or contaminated. This term derived from its opposite, undeveloped or 'greenfield' land.

INTRO – PUBLIC PRIVATE PARTNERSHIP

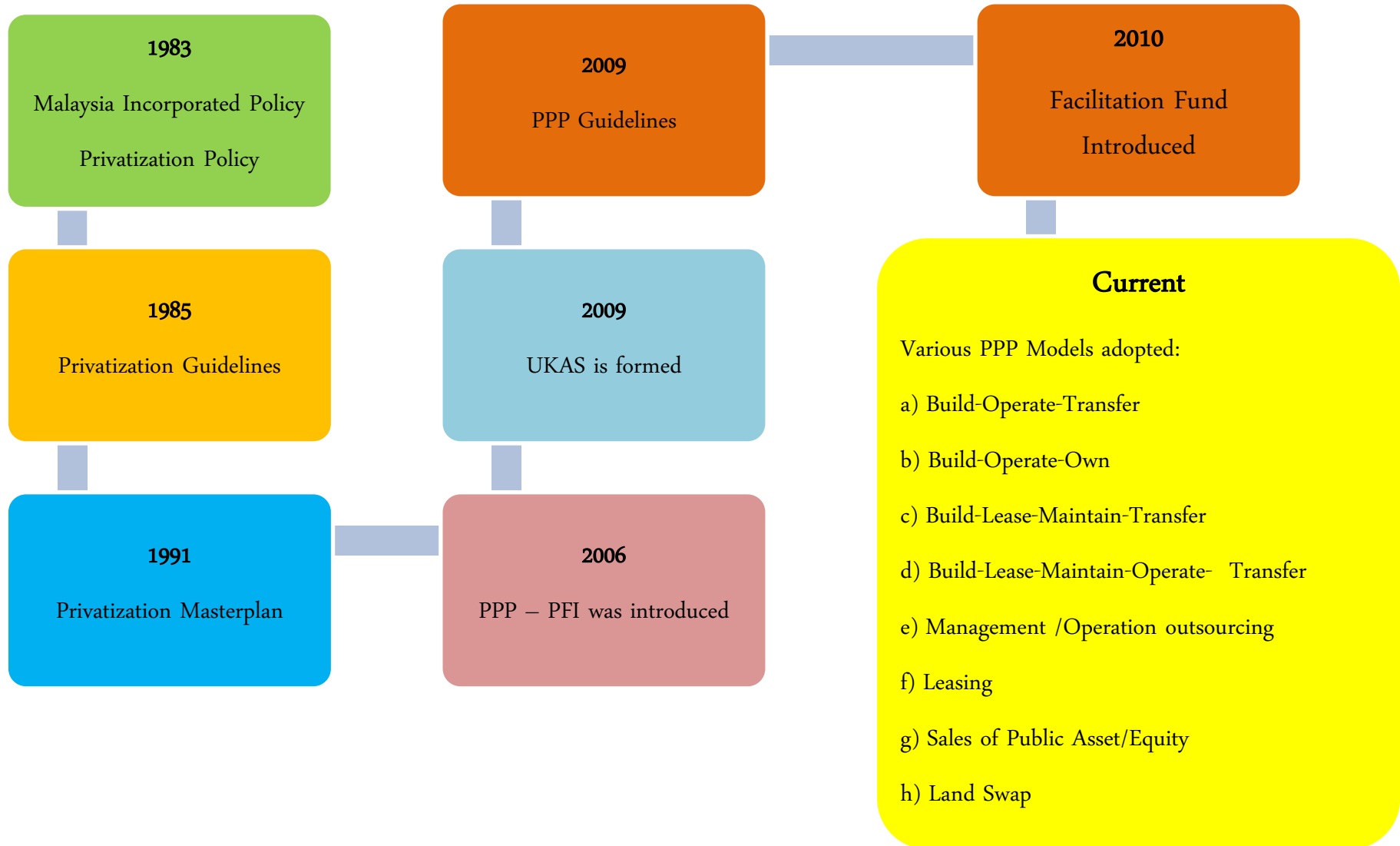
No universally accepted definition of PPP

In Australia → PPP as being where the private sector provides public infrastructure and any related services and there is private investment or financing.



UKAS → PPP is a form of collaboration between public and private sectors in which stand alone business entity is formed, financed and operated by private sectors which includes construction, development, maintenance and refurbishment of public sector's assets such as buildings, infrastructures and facilities.

INTRO - PPP EVOLUTION



PUBLIC PRIVATE PARTNERSHIP

PFI

B.L.T

B.L.M.T

B.L.M.O.T

Privatization

Equity/Asset sale

Lease

Management Contract

B.O.T

B.O.O

Land swap

Corporatization

PPP Committee

Acts as Secretariat to PPP Committee

Facilitation Fund

Manages and Supervises the Facilitation Fund

Monitoring

Monitors the implementation of projects under PPP, Facilitation Fund and Corridor Development.

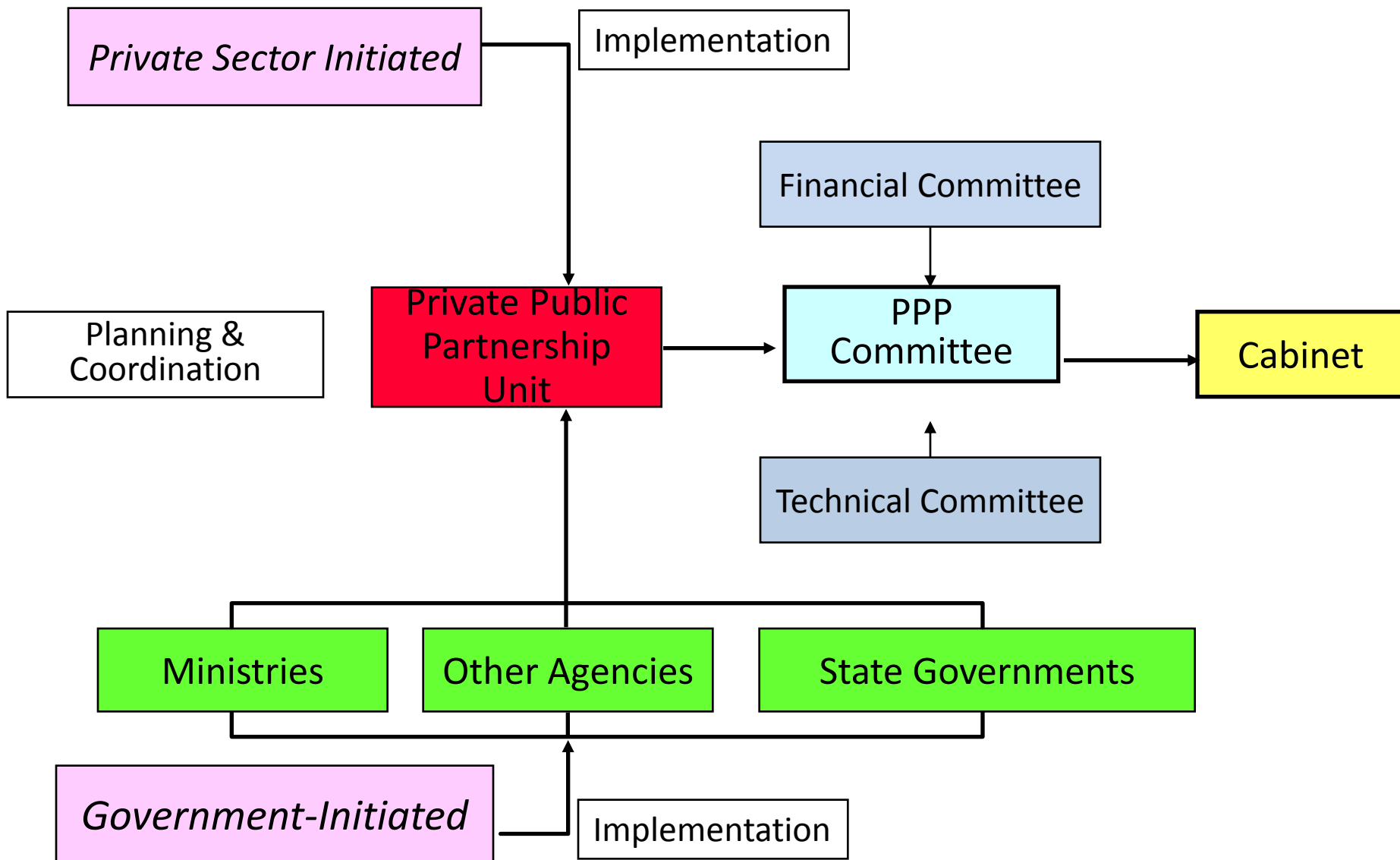
Negotiations

Negotiates the terms and conditions of PPP arrangements

Corridor Development

Act as Secretariat for implementing projects in the 5 Corridors i.e. ECER, IM, SCORE, SDC, NCER

INTRO – PPP GOVERNANCE





Challenges in Brownfield Project via PPP

Among challenges in developing brownfield projects in Malaysia -



Land Ownership

→ Land must be vested to FLC for concession to be signed.

→ Land is a state matter.

→ Sewer consist of pipelines which pass through several lands.



Financial Impediment

→ Limited PPP approach might be applied due to fiscal constraint.

→ Public Infra projects usually incur high capex

→ High rates or fees imposed may burden public.

→ Project's viability and bankability.



Public Acceptance

- “Not on our backyard sentiment” of public.
- Information on the projects made available to public is limited.



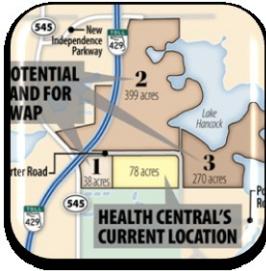
Inter-departments Coordination

→ There is need to synergize interest between federal & states in project management.

→ Departmental red-tapes & SOP may hinder project to take off early.

The Way Forward





Unlocking potential value of the land by way of land swap arrangement



Venturing into more greener solution projects



Centralized working platform → PPP Committee



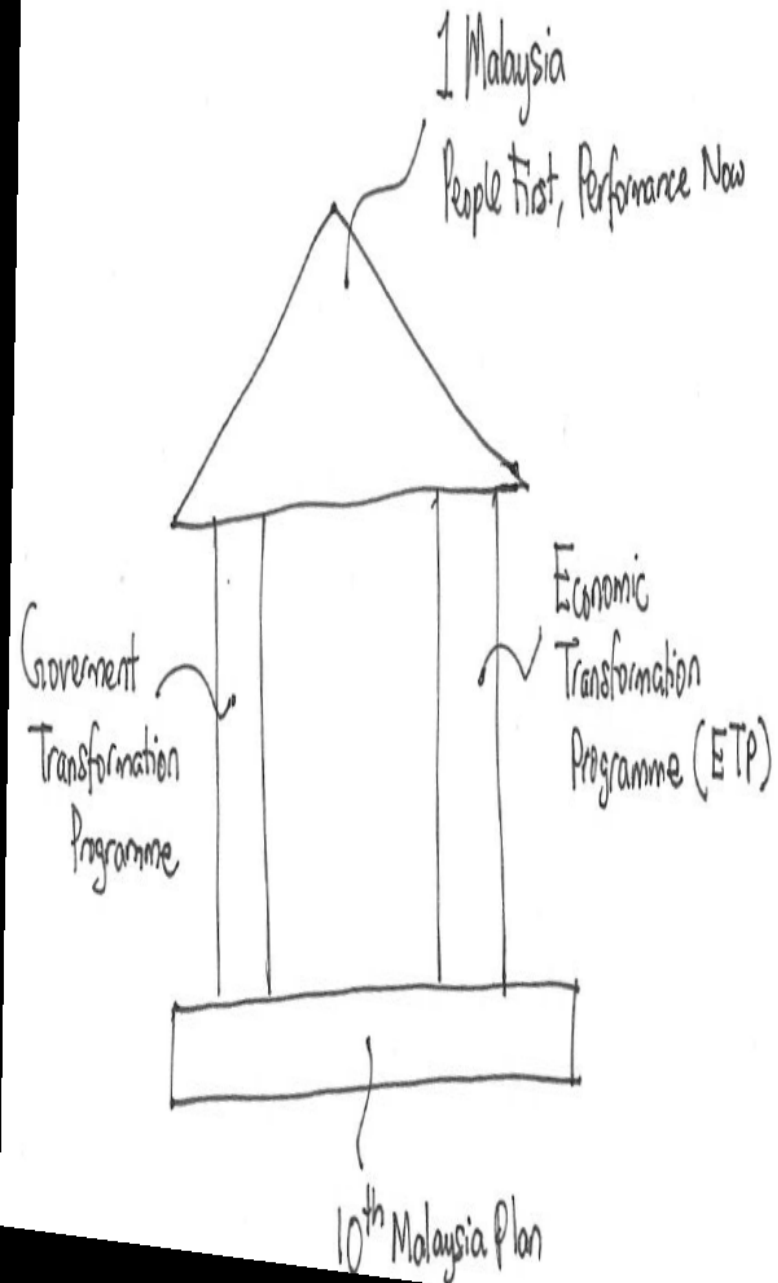
Creative source of revenue is allowed to help reducing rates / tipping fees e.g. electricity generation.



Enhancing public engagement to disseminate relevant information on projects



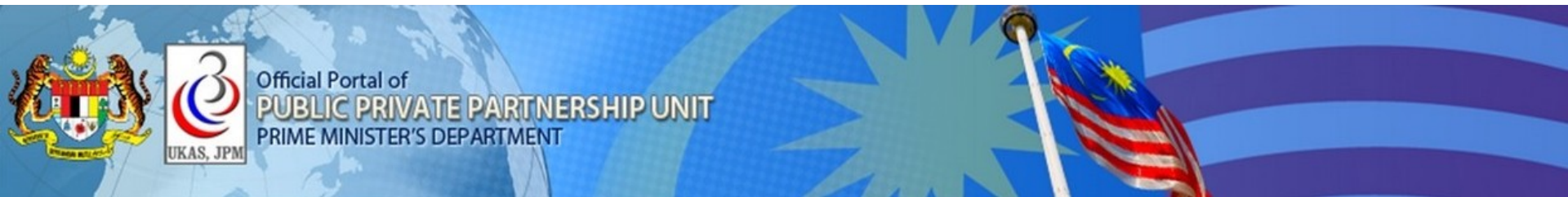
Stronger policy support from relevant authorities



Conclusion

- Development of brownfield projects via PPP is fairly new to Malaysia. Commercialization of STP land might be new era of the industry.
- Commercialization of STP land has unlock the potential value of brownfield land.
- It has also optimize the scarce resources available to the GoM thus creating the VfM in the PPP project towards a sustainable development via PPP.

THANK YOU!



visit our website at

www.ukas.gov.my



PUBLIC-PRIVATE PARTNERSHIP UNIT
PRIME MINISTER'S DEPARTMENT