

**MINISTRY OF COMMUNICATION AND
MULTIMEDIA
MALAYSIAN BROADCASTING DEPARTMENT
PUBLIC PRIVATE PARTNERSHIP UNIT
THE REDEVELOPMENT PROJECT OF ANGKASAPURI
COMPLEX AS MEDIA CITY**

Main Points**What we
examined?**

- The Redevelopment Project of Angkasapuri Complex with the concept of Media City was proposed by the Government in 2009. The redevelopment project involves two main components, namely the construction of new buildings and the supply of broadcasting facilities. This project involves a total cost of RM860 million consisting of three agreements, namely Lease Agreement 1, Lease Agreement 2 and Concession Agreement.
- The Private Finance Initiative (PFI) model used for the development of this project is Built-Lease-Maintain-Transfer (BLMT) which the concession company will build infrastructure facilities on the Government's land and financed by the company's funds. The project also involves the exchange of 11.3 acres of land worth RM137.19 million.
- This audit was conducted to evaluate whether the Redevelopment Project of Angkasapuri Complex as Media City has been implemented prudently, efficiently and effectively to achieve the desired objectives that is to develop Media City which will be a landmark for the progress of the broadcasting and creative industries as well as a catalyst for Malaysian Broadcasting Department (RTM) moving towards a new era of national broadcasting.
- The project also aims to upgrade two existing analogue transmission channels to 10 Digital TV channels and to upgrade broadcast production from Standard Definition to High Definition.
- This audit covers two main areas consisting of performance and project management for the year 2016 to 2021. Project performance is evaluated based on the achievement of outputs and the achievement of outcomes. Project management covers

financial performance, selection of concession company, land swap, condition precedent and complaint management of LA 1.

- The audit was conducted at the Ministry of Communications and Multimedia (K-KOMM), the Malaysian Broadcasting Department (RTM) and the Public Private Partnership Unit (UKAS). In addition, this audit includes review of planning records since 2009.

Why it is important to audit?

- The development of Media City involves the Government's commitment of RM2.406 billion which has been approved under Eleventh Malaysia Plan.
- To evaluate whether the desired objectives for the project are achieved, that is to develop Media City as a landmark to the progress of the broadcasting industry and creative industry as well as a catalyst for RTM moving towards a new era of national broadcasting.

What we found?

- Overall, the implementation of the Redevelopment Project of Angkasapuri Complex as Media City is less satisfactory as only one project has been completed and two other projects have not been fully completed. However, for the element of upgrading the existing two SD analogue transmission channels to 10 HD Digital TV channels has been achieved. Outcome performance has not been performed because the project is not yet fully completed. An evaluation of KPI LA 1 for the two years maintenance period found that its overall performance was less satisfactory and resulted in declining broadcast performance. In addition, the statistics on the number of viewers/listeners of TV broadcasts and radio channels decreased in 2021 compared to 2020. Weaknesses that need to be addressed are as follows:
 - The delay in the completion of the project has caused losses on the part of the Government in terms of staff discomfort, limited storage space, delays in the use of facilities and new buildings that should have been occupied and used earlier;
 - The selection of the concession company with unstable financial positions has adversely affected the Government and resulted delays in project implementation;
 - Delay in finalizing the land area will cause in the delay in the setting of the Availability Charges payment rate for the CA in

the agreement, without which the value of the Government's financial commitment for the whole project cannot be determined;

- Delay in resolving the issue of encroachment will complicate the process of handing over the land in the future.
- The prolonged extension of the Condition Precedent resulted in the delay in the delivery of the project; and
- Maintenance services of concession company is less efficient and can disrupt broadcasting.

What do we recommend?

- To rectify the weaknesses highlighted and to ensure they do not recur, the National Audit Department recommends the following actions:
 - K-KOMM/UKAS has to ensure that the selection of the concession company is based on the guidelines, so that the selected company is able to implement the planned project without financial and management problems.
 - UKAS needs to provide a clear guideline on the setting charges and payment to ensure that the Government gets value for money.
 - K-KOMM/RTM has to ensure that matters related to governance is comprehensive and effective, especially in the aspect of maintenance management so that the implementation of the project is successfully achieved in accordance with the desired objectives.

