

MMC-Gamuda JV firms up details with MRT Co

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KUALA LUMPUR: The joint venture between MMC Corp Bhd and Gamuda Bhd (MMC-Gamuda JV) has firmed up the details with MRT Co on the scope of work and fees for its role as the project delivery partner (PDP) for the multi-billion ringgit Klang Valley mass rapid transit project.

According to sources, the PDP will get fees of 6% of the total project cost excluding the tunnelling portion and 5% reimbursement for costs incurred so far in getting all approvals, preparing technical designs and specifications and Environmental Impact Analysis (EIA) approvals for the Sungai Buloh-Kajang MRT (SBK MRT) line.

The PDP is projected to earn about RM480 million, assuming the project cost is RM8 billion (excluding land cost and without the tunnelling portion which is estimated at roughly RM7 billion) over the duration of the project that is expected to be completed in mid-2017. Any cost savings from the project will go back to the government.

It must be noted that the MMC-Gamuda JV is also eyeing the tunnelling job for the SBK MRT line.

"If the MMC-Gamuda JV does not get the tunnelling portion, then its PDP fee will also include the tunnelling cost. However, if the JV is made the tunnelling contractor, then they don't get fees on that portion," explained the source.

The scope of work will involve the PDP acting like a turnkey contractor as it is responsible for the engineering designs and technical specifications that meet

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the requirements of the government.

"It also has to deliver the SBK MRT line within cost and on time. The PDP must also ensure performance of all other contractors in terms of quality, safety and timeliness. The government is protected from all disputes and claims," said the source.

He explained the PDP has to date obtained Railway Scheme approval that includes network planning studies and land use planning, undertaken traffic forecasts for the government, cost benefit analysis and EIA approval.

"There are more than 30 consultants involved so the PDP would have to interface and coordinate with them all. At the same time, the PDP must bear all risks with regard to matters such as variation orders, delays and claims," the source said.

The source also told *The Edge Financial Daily* that 90 construction packages have been planned to ensure wider participation.

"However, the final say is with the government. The PDP will have to ensure successful delivery of the project based on government's award decisions. There has to be extensive interfacing between the PDP and the contractors who are involved in the 90 packages to ensure quality and on time delivery," he said.

The source said the PDP is in for more interfacing and coordinating as the system works will be broken up into 11 packages.

"This is the first time it is sliced and diced into 11 packages, again to allow wider participation. The PDP will have to coordinate and manage any disputes," said the source.

The SBK MRT project is expected to last seven years (18 months have passed) with completion in July 2017. The PDP is also expected to employ some 456 staff during this time.

The SBK MRT project was launched on July 8 last year by Prime Minister Datuk Seri Najib Razak but has since faced issues such as land acquisition in Jalan Bukit Bintang and Jalan Sultan in the city centre and the high cost of the entire project.

The SBK MRT line runs from Sungai Buloh to Kajang cutting through the Kuala Lumpur city centre covering 51km and 31 stations.