



At the MRT agreement signings are (from left) Azhar, Mohd Sidek and MMC Gamuda KVMRT directors Datuk Hasni Harun and Datuk Azmi Mat Nor.

MMC Gamuda appointed PDP

It will receive a fee of 6% of contract value if MRT cost target is met

By **SHARIDAN M. ALI**
sharidan@thestar.com.my

PUTRAJAYA: Mass Rapid Transit Corp Sdn Bhd (MRT Corp) has yesterday signed an agreement with MMC Gamuda KVMRT (PDP) Sdn Bhd formalising the latter as the project delivery partner (PDP) for the country's biggest infrastructure project, the My Rapid Transit (MRT).

Under the agreement, the PDP will receive a fee of 6% of the total aggregate work package contract value.

Should the eventual total cost of the project be less than or equal to the target cost, the PDP shall be entitled to the full fee.

But if the project cost is more than the target cost, the PDP fee shall be reduced in accordance with an agreed formula.

MRT Corp chief executive officer Datuk Azhar Abdul Hamid confirmed that the PDP would have to bear cost overrun of the projects that exceed 15%.

For the total cost of the first line of the MRT project that will run from Sungai Buloh to Kajang, he said the total target cost would include the total aggregate work package contract value, reimbursables that would be capped at RM2.8bil and a contingency fund that would be capped at 6% of the total value of the tenders for the project.

"The reimbursable is for the PDP to claim for its overhead and other direct costs during the implementation of the project.

"In short, we can't give the absolute cost of the project now until we have awarded all of the 90 packages to be completed by the fourth quarter of this year.

"But what we are going to do after this is to come out with an estimated cost first.

"The target cost will still have to wait until we have awarded all the contracts," he said after the signing ceremony between MRT Corp and the PDP plus three other agreements related to the MRT project yesterday. The signing was witnessed by the Chief Secretary to the Government Tan Sri

Mohd Sidek Hassan.

The appointment of MMC Gamuda KVMRT as the PDP reflected its responsibility to deliver the MRT line within the agreed key performance index of target cost and set completion date.

The PDP concept would enable the MRT project to be rolled out efficiently in phases as opposed to appointing a turnkey contractor under a design and build model.

"Appointing a turnkey contractor might prove to be costly should there be any variation in plans and cost. The PDP model will prevent this from happening.

"PDP also provides a single point of accountability to deliver the whole project within the agreed time and cost targets," said Azhar.

On financing, Azhar said it would be under the responsibility of the Finance Ministry via its subsidiary Dana Infra – most probably through the issuance of Islamic bonds.

The PDP has also been entrusted with the responsibility to develop the engineering design and technical specifications to ensure optimum performance of all other work package contractors in terms of quality, safety and time.

It will also be responsible for packaging the works, calling tenders on behalf of the Government, evaluating bids, selecting work package contracts with the Government and distributing the awards on behalf of the Government.

The other agreements signed yesterday were of the integrity pact between MRT Corp and the PDP in ensuring both parties uphold anti-corruption principles set up by the Malaysian Anti-Corruption Commission (MACC) and the signing of agreement between MRT Corp and HSS Integrated Sdn Bhd and SNC-Lavalin for the appointment of a checking engineer for the MRT project.

The final agreement signed yesterday was between MRT Corp and MACC for the corporate integrity pledge.