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Datuk Azhar Abdul Hamid
MRT Corp CEO

15pc contingency not a 'given' to the PDP, says Azhar

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"But we don't want to touch 45 per cent. That's why, the way the PDP agreement has been done, the PDP is going to be penalised for cost overrun and time overrun. So it's quite a heavy KPI (key performance indi-

cator) that they have to shoulder."

Azhar said the 15 per cent contingency is not a "given" to the PDP as all costs first have to be approved by MRT Corp.

"In the contract, when work is actually running, the PDP has only got authority to approve variations of

RM1 million, that's it. Only on an urgent basis, and apart from that, all else comes to MRT Corp ... so that 15 per cent contingency is not a given to them, it has to be approved first by MRT Corp," he said.

He went on to say that decisions taken so far on the MRT project have

not been out of the ordinary despite perceptions to the contrary held by some quarters.

"I think there's a lot of incomplete information out there. People are making statements without understanding the whole situation," he said.

Sukuk plan to fund MRT

65-YEAR TENURE: Government to raise between RM20 billion and RM30 billion via Islamic bonds

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THE government plans to raise between RM20 billion and RM30 billion through the sale of long-term Islamic bonds to fund the Klang Valley My Rapid Transit (MRT), the country's largest infrastructure project.

The bonds, with a tenure of up to 65 years, will be finalised over the next three to four months, said Datuk Azhar Abdul Hamid, chief executive officer of Mass Rapid Transit Corp (MRT Corp), the project manager.

For initial funding of the project, though, a consortium of banks are expected to provide a bridging loan of between RM400 million and RM500 million, he said.

"It will probably be fully funded with sukuk. Whatever is coming initially from the banks is just temporary funding ... it will all be converted into sukuk, from what I understand," he told Business Times yesterday.

Earlier, Azhar led a delegation from MRT Corp to visit The New Straits Times Press head office here.

Dana Infra Sdn Bhd, a company created by the government to see to the funding of infrastructure projects, will coordinate the financing.

The actual value of the project for the Sungai Buloh-Kajang line will be determined only in the

final quarter of this year, after all 90 job packages have been awarded.

"But we have an estimate of the value, which includes rolling stock ... and I can tell you it's not as high as the RM36 billion (that's sometimes speculated in media reports)," he remarked.

Most of the major packages will be awarded by the third quarter of the year, he said, adding that the winner of the lucrative tunneling portion will probably be known by this April.

Meanwhile, Azhar said the 6.0 per cent fee to be taken by the MMC-Gamuda consortium as the project delivery partner (PDP) is not far-fetched, as suggested by some.

Under the PDP agreement, MMC-Gamuda gets 6.0 per cent of the value of all packages tendered out for the Sungai Buloh-Kajang line.

MMC-Gamuda is also able to claim as much as RM2.8 billion from the government, or not exceeding 15 per cent of cost overruns, should MRT Corp need to use the money for additional expenditure between now and 2017.

"Six per cent is not high. Before deciding on the percentage, we did a lot of comparison with international contracts of almost the same nature - and it fell almost average," he said.

On the matter of potential cost overruns, he said research has shown that it stands on average at about 45 per cent for similar projects globally over the last ten years.

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