

MMC, Gamuda to speed up award of majority contracts for MRT

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PETALING JAYA: MMC Corp Bhd, one of the My Rapid Transit's (MRT) project delivery partners (PDP) together with Gamuda Bhd, plans to speed up the awarding of a majority of contracts to the start of the third quarter from its original October deadline, sources said.

The source said about 80% of projects could be awarded for the civil, station and depot works months ahead of schedule.

The PDP had initially guided for 85% of projects to be contracted out by October, he added.

While MMC did not provide a specific reason for the move, the

source said it would still be subject to approvals from the relevant authorities such as the One Stop Procurement Committee chaired by the Prime Minister.

The MRT has largely been the reason for much excitement in the construction and property sectors, which are the main beneficiaries of the country's most expensive infrastructure project to date.

HwangDBS Vickers Research noted that so far, 27 out of the 86 elevated packages had been awarded, bringing the total contract value to RM10.5bil.

According to OSK Research, the value of domestic construction contracts soared 100% year-on-year and quarter-on-quarter in the first three

months of this year to RM13.3bil, boosted by the progressive rollout of contracts from the Sungai Buloh-Kajang line of the MRT.

"We see the same factor fuelling the jobs flow for the remainder of 2012, as six out of the total eight packages for the elevated portion of the Sungai Buloh-Kajang line worth a combined RM5bil to RM6bil have yet to be awarded.

"Going into the second quarter of 2012, we understand at least three more packages, v1, v2 and v7 of the Sungai Buloh-Kajang line, each worth an estimated RM1bil, will be awarded. The tunnel lining segment is also likely to be awarded," analyst Kong Heng Siong said in a client note.

Besides being the PDP for the elevated portion of the MRT, the MMC-Gamuda joint venture also won the RM8.2bil contract in end-March for the tunnelling works. The full completion of the MRT is slated for July 2017.

Of the MRT's total 51km route, 9.5km and seven stations will be underground. There will be a total of 31 stations.

HwangDBS Vickers analyst Chong Tjen San said in a report that MMC-Gamuda would employ 10 tunnel boring machines, two of which will be delivered by year-end and to be deployed in March next year.

The machines will be boring at five tunnel drives – Semantan portal, Pudu, Bukit Bintang, Merdeka

and Cochrane.

On the risks to the project, Chong said half of the underground works would run through karstic limestone, but the use of slurry tunnel boring machines – successfully employed in SMART project – would minimise risks.

Kuala Lumpur's limestone formation, Chong added, was one of the most challenging formations to tunnel in due to its complexity.

"Meanwhile, we take comfort that the opposition is supportive of the MRT project. Moreover, MRT Co has been transparent, and the MMC-Gamuda joint venture did not have to use the Swiss Challenge or its pricing advantage (up to 7.5%) to win contracts," he said.