MRT and LRT projects to tighten margins due to fuel price rise

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PETALING JAYA: Construction companies currently involved in two of the biggest public transportation infrastructure projects – the RM23bil Mass Rapid Transit (MRT) project and RM7bil Light Rail Transit (LRT) extension project – will have to work on tighter margins in light of the current fuel price rise.

MRT Corp CEO Datuk Azhar Abdul Hamid said the corporation was quite insulated contractually under which construction companies were expected to bear the cost.

"Our contract is a lump sum contract and we expect no revision to the overall cost.

"Nevertheless, from a business point of view, we are quite sensitive on any price rise," he told *The Star*.

Azhar said fuel price in the country was still among the cheapest in the region.

It has been reported that 23.78% of the first of three MRT lines had been completed by the end of July with 30% scheduled to be completed by the year-end.

Among the companies involved in the MRT line 1 are MMC Corp Bhd and Gamuda Bhd in a joint venture for the RM8.28bil tunnelling work package, the single largest work package in the multi-billion-infrastructure project.

MMC Gamuda KVMRT (T) Sdn Bhd teamed up with German-based Herrenknecht AG to buy six variable density tunnel boring machines for RM360mil earlier this year.

The MRT line 1, which spans 51km from Sungai Buloh to Kajang, has 85 packages.

As for the LRT project, Syarikat Prasarana Negara Bhd group managing director Datuk Shahril Mokhtar said construction cost had been agreed to by the contractors who would have to bear the cost.

"Of course their margin may be tighter now but I hope, even after this oil price rise, they would still continue to deliver their work at optimal productivity level," he said, adding that the extension was about 40% completed.