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PM EXPECTS BAKUN JOB TO BE COMPLETED ON TIME

KUALA LUMPUR, Oct 2 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad says he expects the multi-billion ringgit Bakun Hydroelectric dam project in Sarawak to be completed on schedule in five years' time.

Work on the RM13.6 billion project started yesterday and everybody should now concentrate on finishing the job on time, he added.

He was happy that the contract signing was completed at last after facing some problems, he said, adding "if there are problems we will solve them."

He was speaking at a press conference after witnessing the signing of the twice-postponed engineering, procurement and construction (EPC) contract for the project between Bakun Hydroelectric Corporation Bhd (BHC) and ABB-CBPO Consortium.

At the signing, BHC was represented by its executive chairman Tan Sri Ting Pek Khiing, who is also executive chairman of Ekran in which it has a 32 percent stake, ABB executive vice-president Goran Lindahl and Brazilian company CBPO director Marco Elie Altit.

Under the contract, Ekran Bhd will receive a total of RM1 billion as compensation for its past efforts and its future role as project manager over the construction period of six years.

Asked whether Ekran deserved to be paid the management fee, Dr Mahathir said that, so far, nobody had paid Ekran for the job it had done.

Elaborating on the payment, Ting said it would be based on the progress of work done during the construction period and an Ekran director later confirmed that BHC would pay Ekran the RM1 billion.

On the reported technical hitches which delayed the contract signing, Ting explained that it was due to finalisation of who would do what in the project, the nation's largest privatised project.

Asked about the source of financing, Ting confirmed there would be no borrowings and that it would be self-funded, such as through proceeds from the listing of BHC, expected by year-end.

A statement issued at the function said the EPC was worth RM13.05 billion and the project should start no later than Jan 1, 1997 with the initial operation date and commercial operation date to be not later than Oct 31, 2002, and Aug 31, 2003, respectively.

Ekran would retain 32 percent equity in BHC, making it the single largest shareholder. The Sarawak State Government would hold 19 percent, Sarawak Electricity Supply Corporation 9 percent, Employees' Provident Fund (EPF) 10 percent, Tenaga Nasional Bhd 25 percent and Malaysia Mining Corporation Bhd 5 percent.

The hydroelectric power plant would have an installed capacity of 2,520 megawatts in Sarawak and power transmission system comprising about 670 km of overhead HVDC lines in the state and about 670 km of submarine cables linked to Tenaga Nasional's transmission system in Peninsular Malaysia.

The project is also designed to supply power to the Sarawak Electricity Supply Corporation (SESCO) system in Sarawak, the statement added.

The concrete face rockfill to be built over Sungai Baloi would stand 205 metres, or twice the height of Egypt's Aswan dam. Over 70,000 hectares of forest and cultivated fields would be submerged to create a reservoir the size of Singapore.

Among the unique features of the EPC are local participation whereby the contractor was required to provide maximum opportunities of about 40

percent of the contract price for local participation in the execution of the project.

The contractor must also ensure transfer of technology to Malaysia by providing suitable and adequate training.

There was also provision in the contract for the establishment of a Power Technology Centre in Malaysia to facilitate the transfer of technology.

The contract stipulates strict requirements for compliance with environmental protection as required by the Natural Resources and Environmental Board of Sarawak, the statement said.

The dam would facilitate industrial expansion into the hinterland of Sarawak.

Under the Power Purchase Agreement signed between BHC and Tenaga Nasional on July 3, 1996, Tenaga Nasional would pay BHC 16.5 sen per kilowatt hour for the first five years and 17 sen per kilowatt hour for the next 25 years.

On the Kuala Lumpur Stock Exchange, Ekran closed higher by 40 sen to RM11.50 today. For companies in its stable, PWE rose 50 sen to RM123.50, Wembley Industries was unchanged at RM5.35, Granite Industries increased five sen to RM5.10, FCW gained 10 sen RM6.40 but Pacific Chemicals declined 25 sen to RM8.80. -- BERNAMA

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