

MRT 100% funded by gov't
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The ambitious mass rapid transit (MRT) project will be completely borne by the federal government but it will not be liable to pay for any cost overruns from the construction process.

Funding will be arranged a special purpose vehicle (SPV) established by the Minister of Finance Incorporated, possibly through the issuance of special bonds.

This was revealed during media briefing on the project by the federal Land Transport Commission (Spad) which will oversee the project.

The Prime Minister Department's Performance Management and Delivery Unit (Pemandu) had put the price tag at RM48 billion but Spad officials were tight lipped about the actual cost of the project.

Spad chairperson Syed Hamid Albar said that thus far, the project delivery partner (PDP) MMC-Gamuda JV Sdn Bhd had estimated that construction alone would cost RM36 billion.

"The RM36 billion is just for construction. We haven't added the price of the rolling stock, land acquisition and other costs. But there is no discrepancy between the Pemandu figures and the ones given by MMC-Gamuda," he said.

When pressed further, Spad CEO Mohd Nur Ismal Kamal said: "If we disclose now what the final figure is, it might not to be our best advantage".

'Avoiding bailouts'

However, Syed Hamid insisted that even with the borrowings to fund the project, it would be within the circles of the Finance Ministry, unlike the loss-making LRT project which was initially privatised.

"It would completely be a government undertaking. There will not be any commercial money in this," he said at a media on the MRT project at a hotel in Kuala Lumpur this morning.

Syed Hamid also assured that the federal government would not bear any cost overruns resulting from the construction works and the PDP would be liable instead.

"That is the beauty of forming a project delivery partner, instead of appointing a turnkey contractor or a project management consultant," he said.

Mohd Nur added that the decision to go wholly government-funded was to minimise the risk of bailouts.

"Because of the current institution of players, our own experience and the necessity to get work started soon, we took the hybrid between a turnkey contractor and a project

management consultant," he said.

With that, he concluded that the PDP will have an "aligned interest" with the government to get work done within the timeframe and budget.

"With a turnkey contractor, all the smaller projects and the sub-contracting will be decided by them. But with a PDP, the government gets to decide which company it goes to, to ensure the economic distribution happens a certain way, including filtering capabilities and merit," said Mohd Nur.

The RM36 billion project is the biggest ever infrastructure project in Malaysia conceived by the Najib administration under the Economic Transformation Plan (ETP).

The construction on the 60km rail line from Sungai Buloh to Kajang - the first phase of the MRT - is expected to begin next July and is scheduled for complete in 2015.

The government is then expected to build two other lines, with a 2020 deadline in mind to cater for a projected 3.2 million rail passengers.

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