

# Project delivery partner pact for massive MRT project sealed

*MMC Gamuda KVMRTY and MRT Corp formalise PDP agreement at signing ceremony*

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UTILITIES and infrastructure group MMC Corp Bhd's jointly-controlled entity MMC Gamuda KVMRT Sdn Bhd has formalised its project delivery partner (PDP) agreement for the the country's biggest infrastructure project, the My Rapid Transit (MRT).

In a filing to the exchange last Friday, MMC said MMC Gamuda KVMRT has signed the PDP agreement with Mass Rapid Transit Corp Sdn Bhd (MRT Corp), under which it will receive a fee of 6% of the

total aggregate work package contract value.

The company added that, under the agreement, should the eventual total cost of the project be less than or equal to the target cost, the PDP shall be entitled to the full fee, but if the project cost is more than the target cost, the PDP fee shall be reduced in accordance with an agreed formula.

The PDP would have to bear cost overrun of the projects that exceed 15%, said the exchange filing.

For the total cost of the first line of the MRT project that will run from Sg Buloh to Kajang, the total target cost would include the total aggregate work package contract value, reimbursables that would be capped at RM2.85 billion and a contingency fund that would be capped at 6% of the total value of the tenders for the

project.

At the signing ceremony between MRT Corp and the PDP plus three other agreements related to the MRT project last Friday, MRT Corp chief executive officer Datuk Azhar Abdul Hamid was reported to have said that the reimbursable was for the PDP to claim for its overhead and other direct costs during the implementation of the project.

"In short, we can't give the absolute cost of the project now until we have awarded all of the 90 packages to be completed by the fourth-quarter of this year," said Azhar, adding that MRT Corp was going to come up with an estimated cost first.

The appointment of MMC Gamuda KVMRT as the PDP reflected its responsibility to deliver the MRT line within the agreed key performance index of target cost and set

completion date.

The PDP concept would enable the MRT project to be rolled out efficiently in phases as opposed to appointing a turnkey contractor under a design and build model.

"Appointing a turnkey contractor might prove to be costly should there be any variation in plans and cost. The PDP model will prevent this from happening. PDP also provides a single point of accountability to deliver the whole project within the agreed time and cost targets," said Azhar.

The PDP has also been entrusted with the responsibility to develop the engineering design and technical specifications to ensure optimum performance of all other work package contractors in terms of quality, safety and time.

It will also be responsible for packaging the works, calling

tenders on behalf of the government, evaluating bids, selecting work package contracts with the government and distributing the awards on behalf of the government.

The other agreements signed were the integrity pact between MRT Corp and the PDP — in ensuring both parties uphold anti-corruption principles set up by the Malaysian Anti-Corruption Commission (MACC), between MRT Corp and MACC for the corporate integrity pledge, and between MRT Corp and HSS Integrated Sdn Bhd and SNC-Lavalin for the appointment of a checking engineer for the MRT project.

Last Friday, MMC's counter closed two sen higher at RM3 with close to 30,000 lots changing hands while Gamuda ended at RM3.85, closing four sen lower with over 10 million transacted.