

Northern double-tracking project on schedule, says MMC-Gamuda

MMC-Gamuda director says work 21.4% complete with four years to go

by **Fong Min Hun**

FD@bizedge.com

PETALING JAYA: The Ipoh-Padang Besar double-tracking rail project is progressing on schedule, said its main contractor MMC-Gamuda Joint Venture Sdn Bhd, easing concerns that it could be delayed by land acquisition problems.

Gamuda Bhd managing director Datuk Lin Yun Ling had said last December that the project might be delayed by up to a year because of problems acquiring land in Penang.

MMC-Gamuda director Datuk Azmi Mat Nor said yesterday the project was already 21.4% complete, with all signs indicating that the track would be completed on schedule. The problem in Penang, he added, was "manageable".

"So far, we are still on track still. We are 21.4% there. We are just one year and three months into the project, and have four years to go.

If we go at a rate of 20% a year we can assure you that we can achieve completion by the due date," he said.

With respect to the land acquisition problems in Penang, Azmi said they can work around the problem by focusing on other areas. As for the cost of the project, he added the development cost was currently within the budgeted projection.

Maybank Investment Bank research note on March 6 said it was told by MMC at an analysts' briefing that a variation order of RM500 million may be attached to the project, which could raise its cost to RM13 billion.

However, Azmi told *The Edge Financial Daily* via telephone that the variation order was a "possibility". He said the actual cost of the project was still RM12.49 billion.

"The variation order... accounts for additional work here and there, and it's different from the cost of the project," Azmi said. "There is still a long way to go and it is not set in stone."

Responding to speculation that the government was considering having certain portions of the track un-electrified to save on costs, Azmi said there was no variation in the plan for

the project and the entire track will remain electrified.

Presently, the double-tracking project has awarded 400 sub-contracts to contractors in the four northern states worth RM10 billion. Another 100 contracts worth an additional RM2 billion were expected to be given out over the course of the project.

The project employed 6,000 workers since starting work in January 2008, and is expected to employ up to 13,000 workers at its peak in the next two to three months. Azmi said that 90% of the workers on the project were local workers.

The Ipoh-Padang Besar double-tracking rail project, which is expected to be completed on Jan 7, 2013, is being billed as an important source of spending by both the government and MMC-Gamuda because of its job-creating and spending potential.

Azmi said the spinoffs from the contracts awarded so far could be worth RM15 billion assuming Bank Negara Malaysia's guided multiplier factor of 1.7 times. He said the project, which is 21.4% complete, has cost about RM2.8 billion so far.