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LRT3 cost jumps to RM31.45 billion

Minister wants drastic cost cut to make project feasible

BY CHESTER TAY

KUALA LUMPUR: The projected total cost of the light rail transit line 3 (LRT3) project has spiralled to a whopping RM31.45 billion, Finance Minister Lim Guan Eng said yesterday, blaming it on Prasarana Malaysia Bhd's poor management.

The latest cost estimate is significantly higher than the RM15 billion cited in recent news reports. The original estimate when the project was launched in 2015 was RM9 billion.

Guan Eng, in a statement, called for a drastic cost reduc-

tion to make the project feasible and cost-effective.

He added that the finance ministry will not support any additional funding required for the project unless the cost is "significantly rationalised without compromising the rail network's integrity as well as the safety and quality of service provided".

"Certain news reports have indicated the LRT3 cost can be reduced by RM6 billion. The ministry wishes to state that much more than RM6 billion must be reduced if the LRT3 project is to proceed," said Guan Eng.

The minister noted that Prasara-

na, in 2015, secured a government guarantee for a RM10 billion bond facility to fund the project.

However, on March 30 this year, the state-owned transportation company requested for an additional RM22 billion in government guarantee to ensure funding for the construction and completion of the project, said Guan Eng.

"The finance ministry had requested Prasarana to drastically review the cost of the project to ensure its viability," he added.

Guan Eng said the LRT3 is critical to alleviate traffic congestion along one of the most important

and densely populated economic development corridors in the Klang Valley.

The 37km alignment connects Klang with Bandar Utama in Petaling Jaya. Guan Eng said the LRT3 is expected to serve a population of two million, transporting 36,700 passengers per hour each way.

A news report on Monday said Prasarana could take over the construction of the project from the project delivery partner — a 50:50 joint venture between Malaysian Resources Corp Bhd and George Kent (Malaysia) Bhd — in view of the massive cost overruns.