

LRT3 cost can be reduced by RM6bil

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PETALING JAYA: The cost of completing the light rail transit line 3 (LRT3) project can be brought down by nearly RM6bil should it go back to the original design, sources say.

A source pointed out that additional variation orders by Prasarana Malaysia Bhd due to changes in the original design of the 37km track had caused the cost of the LRT3 project to balloon to RM15bil.

It is understood that the amount does not include land acquisition and borrowing fees.

Sources pointed out that cutting down the number of stations, cars and design of the stations would see the cost falling back to around RM9bil, which was the cost the original project delivery partners (PDPs) had agreed on when they inked the deal for the LRT3.

"They, Prasarana, had supersized the project and that is why the cost ballooned," said a source.

According to documents sighted by *StarBiz*, Prasarana said that the Ministry of Finance is reviewing the LRT3 project.

In 2015, Prasarana had appointed [Malaysian Resources Corp Bhd \(MRCB\)](#) and [George Kent \(M\) Bhd \(GKent\)](#) as the PDP for the LRT3 project at an approved construction budget of RM9bil.

To cancel the PDP, at this stage, a source said, would require a compensation of RM200mil to be paid to the PDP company.

Sources said that there were a few options on the table to reduce the cost, including scaling down the size of the project. Another option being looked into is for the project to be carried out on a turnkey basis.

In other words, MRCB and GKent would build–operate–transfer the LRT 3 project. This would require the joint-venture company to raise its own funds for the project.

“Using a turnkey method would help alleviate the debt burden from Prasarana to complete the LRT 3 project,” a consultant said.

The LRT 3 project is the first project by Prasarana to be implemented under the PDP model.

But unlike the PDP model that was implemented for the Klang Valley Mass Rapid Transit project, the total cost of the LRT 3 was not finalised before the PDP contract was awarded in 2015.

This had contributed to the current situation where the project had burst its initial budget.

It is understood that after Prasarana signed the PDP agreement with the MRCB-GKent consortium, it then went on to increase the number of stations to 30 from 26.

Sources also pointed out that there were several contracts that were awarded by Prasarana for the LRT 3, despite having MRCB and GKent as the project’s PDP.

Prasarana had stated on its website that the PDP model allowed the LRT 3 project to be rolled out efficiently in phases as opposed to appointing a turnkey contractor.

The PDP model, it said, also provided a single point of accountability for the entire project, with the PDP assuming the risk of cost overruns or delays.

The LRT 3 project is a 37-km extension line from Bandar Utama to Klang through Shah Alam. When it was launched in 2015, it was projected to cost RM10bil, including RM1bil set aside for land acquisition.

Apart from increasing the number of stations, Prasarana also wanted each train to carry six cars instead of four.

Also lifting cost up was the accelerated time Prasarana had wanted the consortium to complete the project. Instead of up to eight years, the consortium was asked to finish the job in less than six years.

The source said the MRCB-GKent consortium could lower costs by cutting down the number of stations to the original design of 26 stations, and cutting the number of cars each train uses from six to between two and three.

The design of each LRT station should also revert to a more linear proposal, which can be expanded in later years when demand rises instead of the more sophisticated but rigid design put forward by Prasarana to accommodate six-car trains.

“Redesigning the station would also save on the cost of land acquisition,” a source said.