

# KL-Singapore HSR works to start by year end

'Combined PDP scope estimated to be RM30b to RM40b'

BY SAMANTHA HO

KUALA LUMPUR: Civil works on the Kuala Lumpur-Singapore high-speed rail (HSR) project are slated to begin by the end of this year, following the letters of appointment (LoAs) to the project delivery partners (PDPs).

"We have already received approval for our environmental and heritage assessments, while our social assessment work is ongoing," MyHSR Corp Sdn Bhd chief executive officer (CEO) Datuk Mohd Nur Ismal Mohamed Kamal told a media briefing yesterday.

"Once all the regulatory requirements are met and the land acquisitions are approved, we are ready to go," he added.

Mohd Nur Ismal said MyHSR Corp is currently working with state governments to freeze land transactions for land on plots where the railway will be built under Section 4 of the Land Acquisition Act 1960, prior to the land being gazetted.

Formal land acquisitions are expected to begin in the second half of 2018, according to MyHSR Corp commercial director Tonny Yeap.

More than 60 civil work packages are expected to be doled out, resulting in more than 5,000 sub-contract packages. Over 70,000 jobs are expected to be generated over the course of the project, of which

consortiums as the PDPs for the northern and southern sections of the HSR project.

"We decided to bring in two PDPs because the project is just too big for one," Mohd Nur Ismal said, declining to disclose the financial value of the awards.

CIMB Research in a note yesterday estimated the combined PDP scope to be between RM30 billion and RM40 billion.

The PDP fee, which has been estimated at between 5% and 6%, was also undisclosed.

"All I can say is that it was a very competitive bidding process," MRCB Gamuda Consortium director Datuk Azmi Mat Nor said.

"Assuming a 6% PDP fee and straight-line contract recognition, we estimate between RM97.5 million and RM130 million per year in PDP profit each for Gamuda and MRCB over six years," CIMB Research said. A lower prevailing 5% fee would result in a PDP profit from RM81.3 million to RM108.3 million per year.

Meanwhile, YTL's share of PDP profit will range from RM73.5 million to RM98 million per year if the 6% PDP fee is given, and between RM61.3 million and RM81.7 million per year if the fee rate is 5%, the research house added.

Both PDPs are partnering HSR expert consultants — CH2M Ser-

ment runs from Kuala Lumpur to Melaka, while the southern portion will begin after the Melaka station and end at the border between Malaysia and Singapore. There will be eight stations along the route, namely Bandar Malaysia, Sepang-Putrajaya, Seremban, Melaka, Muar, Batu Pahat and Iskandar Puteri in Malaysia, as well as Jurong East in Singapore.

On the alignment, MyHSR Corp project director Mark Loader said some 90% to 95% of the track will run above ground, with the most significant underground portion leading out of Kuala Lumpur.

Meanwhile, Mohd Nur Ismal explained that the extension of the submission date for the asset company (AssetCo) tender to Dec 28 from June 29 this year was made to avoid "unnecessary risk premiums".

"We have received requests for extensions from the respective bidders as they need time to collect information," he said, adding that more than two companies have expressed interest in bidding for the contract.

Loader maintained that the extension of the tender deadline would not delay any part of the construction schedule.

On the subject of political interference with the project, Mohd Nur Ismal agreed that there would be significant costs to aborting the planned HSR.

22,000 are expected to be for professionals and skilled workers.

"At least 40% of the value of civil works will be allocated to bumiputera companies," Mohd Nur Ismal said.

On Wednesday, the consortium of Malaysian Resources Corp Bhd (MRCB) and Gamuda Bhd, and YTL High Speed Rail Sdn Bhd (YTL THP JV) — a joint venture (JV) between Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd and TH Properties Sdn Bhd — accepted LoAs from MyHSR Corp, appointing the two

vices Sdn Bhd by the MRCB Gamuda Consortium, while YTL THP JV will consult Systra SA and AECOM Perunding Sdn Bhd.

"We are also engaging 30 local consultants to provide us with advice," said Azmi.

The PDPs will be responsible for managing and delivering the design, procurement, construction and integration of the civil portion of the Kuala Lumpur-Singapore HSR on time and within the budget.

The northern portion of the align-

"Not only are there abortive costs that we have to incur, but we have to provide compensation [for the abortive costs]," he added.

"It would be a wasted opportunity if we don't proceed," he said, noting that the spillover benefits to the local economy via the jobs and connectivity created would also be lost.

"We want to emphasise that there are many socio-economic benefits to be gained from this project," said YTL-TH JV CEO Datuk Seri Azmi Abdul Aziz.