

UNCLEAR RAIL DEVELOPMENT

MRT Corp seeks fourth extension to finalise tenders for Circle Line

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THE fate of the Mass Rapid Transit Line 3 (MRT3), or Circle Line, project remains uncertain as MRT Corp has sought another extension to finalise tenders for the multi-billion-ringgit rail development.

It is understood that the extension is until March next year.

It is the fourth extension requested by MRT Corp this year.

Analysts had expected a joint venture of MMC Corp Bhd and Gamuda Bhd to "convincingly" bag the CMC303 package, which at more than RM4 billion would be the biggest among the MRT3 civil contracts.

LJM Corp Bhd and Malaysian Resources Corp Bhd were also said to be front-runners of other potential key civil contracts dubbed CMC301 and CMC302.

When contacted for updates, an MRT Corp spokesman said the status was as per Transport Minister Anthony Loke's announcement on Dec 21 that MRT Corp would start securing the project land corridor as early as the second quarter of next year.

The spokesman said MRT Corp would not be making any comment on the tender process.

Last Thursday, Loke said land acquisition for the MRT3 project would commence in stages next year for over two years.

"To minimise the cost of land acquisition for the government, MRT Corp will cooperate with property developers to integrate the MRT3 stations," he said.

Loke added that the government had approved the allocation for the land acquisition but did not specify the amount.

The acquisition process is expected to involve 1,012 lots (842 private lots, 133 government lots and 37 lots of full-zoned ownership).

Loke noted that the alignment for MRT3 had yet to be finalised.

On another matter, the contract extension of MRT Corp chief executive officer Datuk Mohd Zarif Hashim for another two years will

bring some certainty to the MRT3 project.

The extension, effective Nov 1, is seen as crucial for the continuity of MRT3 and the Penang light rail transit projects.

The total cost of MRT3 is likely to be close to RM40 billion, with an anticipated construction expenditure of around RM33 billion.

Since the change in government in November last year, there has been a lack of updates on the tender.

Prime Minister Datuk Seri Anwar Ibrahim had aimed to markedly reduce the project cost in the revised 2023 Budget from the previous administration's RM50 billion.

There was no allocation for the MRT3 in the 2024 Budget.

Analysts and construction industry stakeholders are unhappy with the sluggish progress of the MRT3 and other major infrastructure projects announced in the last two budgets.

They are eagerly awaiting confirmation from the government to move forward with the MRT3 since there is now clarity on the leadership of the project at MRT Corp.

However, Transport analyst Dr Rosli Azad Khan strongly advocates abandoning the MRT3 project for various reasons.



He highlighted the exorbitant cost and deemed it financially burdensome.

He questioned its overall utility, asserting that Klang Valley residents might not derive significant benefits from it.

Citing the underperformance of the MRT Kajang and Putrajaya lines in achieving ridership targets, Rosli is sceptical about expanding the metro network.

Instead, he proposes redirecting the budget towards more impactful ini-

tiatives, specifically endorsing the implementation of advanced rapid transit systems in urban areas such as Penang, Ipoh, Johor Baru, Melaka, Kuantan and Kota Kinabalu.

He argued that such alternatives could be executed at a fraction of the cost associated with the MRT3.

Rosli stressed that focusing significant resources on the Klang Valley was unfair and would lead to imbalanced development.



'LAND ACQUISITION FIRST'

LOKE: MRT3 UNAFFECTED BY EXTENSION

Contract awards not finalised so MRT Corp's request has no impact, says minister

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THERE will be no impact on the Mass Rapid Transit Line 3 (MRT3) project, despite the three-month extension sought by MRT Corp. This, according to Transport Minister Anthony Loke, was be-

cause contract awards had yet to be finalised, with the Finance Ministry making the decision.

"At the end of last year, we announced that the budget for land acquisition had been approved.

"We will start with the land acquisition process for the MRT3 Circle Line," he said after his working visit to Selangor Road Transport Department on Tuesday.

Loke said this when asked about the impact of the three-month extension on the project timeline.

On Dec 29, *Business Times* reported that MRT Corp sought another three-month extension, to March this year, to finalise tenders for the multi-billion-ringgit rail development.

This marks the fourth extension requested by MRT Corp since the middle of last year, adding an air of suspense to the much-anticipated project.

When contacted for updates on

the circle line project and its tender process, an MRT Corp spokesman said the project's status was as per Loke's announcement on Dec 21 — that MRT Corp would start securing the MRT3 land corridor as early as the second quarter of 2024.

On Dec 22, Loke, when addressing the media after the lease agreement signing ceremony between MRT Corp and the Federal Lands Commissioner, revealed that the land acquisition process for the MRT 3 Circle Line project would commence in stages from

next year, spanning a two-year timeline.

The acquisition process is expected to involve 1,012 lots of land, covering 842 private lots, 133 government lots, and 37 lots of unknown ownership.

However, he noted that the alignment for MRT3 had yet to be finalised, leaving some aspects of the project subject to further clarification.

Page 1 pic: A Mass Rapid Transit train on the Putrajaya line pictured last year.

Contract tenders for MRT3 to buoy industry

Other planned govt jobs also likely to spur sector

CONSTRUCTION

PETALING JAYA: The Mass Rapid Transit 3 (MRT3) project tenders, which will be a boon to the local construction industry, are expected to take place as early as the end of this year.

This follows a firm commitment by the government to proceed with the land acquisition process from the second quarter, according to MRT Corp, that gives a rough indication of possible timelines.

The tender of contracts for the MRT3 will provide a timely boost for the construction sector, said RHB Research.

Apart from this, other planned government jobs in the pipeline would also support the industry, such as flood mitigation projects, the Penang Light Rail Transit (LRT), the Pan Borneo Highway Sabah Phase 1B and the reinstatement of the five LRT3 stations.

There are also Malaysian companies that are interested in participating in Indonesia's new capital project at Nusantara.

IJM Corp Bhd is eyeing the Nusantara state civil servant housing project that is worth some RM1bil, which includes several other Malaysian companies that have submitted letters of intent in 2022 as well.

"The Bursa Malaysia Construction Index is trading at a 13 times price-to-earnings ratio, which is slightly above its ten-year mean of 12.7 times. The index was trading at 15.5 times in mid-2017 during the major

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RHB Research

construction upcycle," said RHB Research.

"With commendable catalysts in store for the sector, we view the current valuation of the index to be undemanding and as such, an attractive level to enter," it added.

There has also been increased interest in the area of environmental-related projects with companies such as Sunway Construction Group Bhd and HSS Engineers Bhd participating in renewable energy-related initiatives, such as the Corporate Green Power Programme.

The research house also noted construction giants such as Gamuda Bhd recently announcing it is jointly developing the 187.5 megawatts Upper Padas Hydroelectric Dam with Sabah Energy Corp and the Kerjaya Kagum Hitech joint venture.

Statistics by the Construction Industry Development Board (CIDB) showed the total value of projects awarded to contractors in

2023 fell by 22% year-on-year (y-o-y) to RM127.4bil from the previous year in 2022.

"We view this as a temporary blip—contract rollouts are expected to be backed by the government's RM90bil development expenditure (DE) allocated for 2024, with 21% of DE focusing on the transport sub sector versus 18% in 2023," the research house said.

By various segmentation, the statistics showed infrastructure type of projects recorded the largest annual drop in terms of project value, at minus 47% y-o-y amid the dearth of big scale public jobs in 2023.

This is followed by the residential segment at a 37% y-o-y drop but non-residential projects saw a 4% y-o-y rise to RM76.8bil last year, the CIDB statistics showed.

RHB Research's top picks are Gamuda, Sunway Construction and Kerjaya Prospek Group Bhd. The research house has an "overweight" call on the sector.

HSS Engineers bags RM5mil consultancy job

KUALA LUMPUR: HSS Engineers Bhd via its associate HSS Integrated Sdn Bhd (HSSI) has accepted a letter of award from Port Klang Cruise Terminal Sdn Bhd for the provision of project management consultancy services at the terminal.

In a filing with the stock exchange, the group said the contract, valued at RM4.94mil, entailed consultancy services for the extension of the wharf and development of associated facilities.

The job will commence on Jan 8, 2024, and is estimated to be completed in 29 months on July 9, 2026.

The services conducted by HSSI included preparation of pre-development studies, conceptual masterplan, project management and construction supervision of an engineering, procurement, construction and commissioning contract.