

## RM6bil Ipoh-Rawang track plan has cost overrun reaching RM1.14bil

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By Lee Yuk Peng, The Star

The Public Accounts Committee (PAC) is now set to probe the RM6bil Ipoh-Rawang electrification and double track rail project, which has a cost overrun reaching RM1.14bil.

PAC chairman Datuk Seri Azmi Khalid said the PAC was in the midst of determining the scope of the probe and shortlisting those who will be called up in the inquiry.

He told The Star yesterday that the double track railway project, which was highlighted in the Auditor-General's (A-G) 2008 report, was a handful of cases that the PAC would probe.

"I will discuss with the Auditor-General to see which case is more urgent to probe.

"The Ipoh-Rawang double track railway is one of them due to its cost overrun stretching over RM1bil," he said, adding that the committee would meet soon to discuss details before starting the probe.

The PAC had conducted an inquiry into the Port Klang Free Zone (PKFZ) fiasco and on Wednesday, released its report recommending that former Transport Minister Tan Sri Chan Kong Choy and former Port Klang Authority (PKA) general manager Datin Paduka O.C. Phang be investigated for criminal breach of trust.

Asked why the committee plan-need to probe another project under the Transport Ministry, Azmi said it was not the ministry that was being targeted but big projects which incurred huge losses.

"The public is asking questions on losses incurred and we have to do our job," he stressed, adding that the A-G highlighted cases of mismanagement every year and cost overruns but there seemed to be no improvement.

Azmi was reported to have said last week that the PAC wanted to know if there was deliberate negligence or oversights which resulted in the cost overrun of the rail project.

PAC deputy chairman Dr Tan Seng Giaw, when contacted, said the Rawang-Ipoh double track project was chosen as it was a huge contract which had resulted in huge losses.

"We were promised rail service with a speed of 160km per hour but the speed now is only 80km per hour," he said.

According to the latest audit report, the government may have to bear part of the RM1.14bil loss in the 179km double-tracking rail project as it was poorly managed.

The rail project, which was worth RM4.34bil, is the main West Coast line that enables KTM Bhd to run trains between Kuala Lumpur and Ipoh.

The infrastructure works component of the project was originally awarded to DRB-Hicom Bhd in 2000 for a value of RM2.58bil. Mitsui of Japan was awarded the electrification and signalling component of the project worth RM1.9bil supported by its principal sub-contractor, Siemens-Balfour Beatty Consortium.

The contract between DRB-Hicom and the Government was signed on April 2, 2001.

There were four main subcontractors appointed for the project - namely Emrail Sdn Bhd for trackwork, Perspec Prime (M) Sdn Bhd for civil works, IJM Corp Bhd for the construction of stations and UEM Construction Sdn Bhd for the construction of bridges.

The project however suffered problems which caused numerous delays, resulting in the government terminating the contract with DRB-Hicom and appointing UEM Construction Sdn Bhd, a subsidiary of UEM (M) Bhd, to take over the project from 1 June 2005.

At that stage, DRB-HICOM had completed about 88% of the rail project.

DRB-Hicom had said that one of the main causes of the delays was a dispute over a variation order and losses and expenses with the government.

Although there were threats of litigation, the matter was submitted for arbitration and was finally settled in May 2006 with the government paying DRB-Hicom a sum of RM425mil.

Mitsui had also submitted a claim for compensation for being unable to carry out the electrification part of the project because of the delays to civil works with the government settling on an undisclosed sum in December 2006.