

An Open Letter to MMC-Gamuda

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Dear Directors of MMC-Gamuda,

Let me applaud you for putting up a great show since the Minister of Finance, Lim Guan Eng announced the Cabinet decision to

- (i) accept the offer from MMC-Gamuda to reduce the cost of the MRT2 Above Ground works by RM5.2 billion to RM17.4 billion (23% reduction) in the form of a turnkey contract and
- (ii) terminate the Underground contract as both parties could not reach an agreement on the required price reduction.

You have issued a letter proclaiming innocence, claiming that you were awaiting for an offer from the Ministry of Finance (MoF). You questioned the qualifications of the independent engineering consultant we have engaged. You implied that the decision to terminate was hasty and ill-conceived. You sought sympathy claiming the loss of jobs for no less than 20,000 people (wow!). Your social media actively promoted a campaign to "Save 20,000 Jobs" asking Malaysians to sign the petition. There are viral Whatsapp letters from first class honours engineers regretting support for Pakatan Harapan in the last general election.

The performance and mobilisation of the above campaign are nothing short of impressive. The question of cost of the project to the Government was conveniently ignored.

We had no intention of engaging with you in a public war of words. We tend to reserve that for our political opponents. And after all, we wanted to continue the good working relationship to complete the RM17.42 billion worth of Above Ground works.

However, the obvious brazen attempt to paint yourself an innocent victim to an unjust Harapan government required a response to set the facts right and record straight.

1. The original Underground contract was awarded for RM15.49 billion. MRT Corp awarded additional RM1.2 billion of variation orders which resulted in the revised contract value of RM16.71 billion.
2. After numerous meetings and discussions, you wrote to the Minister on 15 August to offer a revised price of RM15.1 billion. This was mostly a result of shelving the 2 underground stations at Bandar Malaysia North and South.

3. Subsequently on 7 Sep, you offered to reduce the price further to RM14.58 billion for the Underground contract (making it RM32 billion for the entire MRT2 project). This represented a cost saving of RM2.13 billion or a 12.7% reduction. In the words of the Gamuda director at the meeting with the Minister on 4 Sep – “we offer what we can offer, but anything beyond that will be meaningless to continue”.
4. However, based on the study by the independent engineering consultant, MRT Corp should expect total savings between RM4.19 to RM5.79 billion for the estimated remaining 60% portion of works yet to be completed. Yes, this potential savings is just for the balance of works to be completed. Imagine the potential savings if it was for the entire contract.

So the question to be deliberated upon by this new Pakatan Harapan government is very simple.

- A. Do we say, “it’s OK la, let’s just accept the RM2.13 billion reduction offered by MMC Gamuda”? After all, we can take this figure and boast to Malaysians of our ‘magnificent’ achievement, for they would know no better that we might have left another RM2 billion of potential savings on the table. Furthermore, it will certainly save us the trouble of having to deal with the negative publicity and the new international tender exercise which has to be carried out. Too much work... Or
- B. Do we honour the mandate and trust the people has given us and maximise the savings we can reasonably derive from the project? RM2 billion can pay for 5 hospitals, or 50 schools. RM2 billion is hell of a lot of money when I see my MoF colleagues who are struggling and scrimping to find RM50 million savings here, and RM80 million cuts there for the upcoming Budget.

The Cabinet obviously made the decision to pick the latter. And you seriously telling Malaysians to blame the Cabinet for the termination?

Or would you then pick a different target, as you implied in your media statement, that the independent consulting engineers aren’t sufficiently qualified – despite employing more than 500 staff with a track record of having completed more than 80 projects in 24 countries outside of Malaysia?

Or was it because the government-appointed independent consulting engineer exposed the frequently expounded lie that the cost of MRT1 and MRT2 are well-below the average cost of construction of various Asian Metros, because no one was actually able to substantiate the data provided?

Should we instead question why MMC Gamuda had initially agreed to, but subsequently refused to share costing data with the independent consulting engineer to justify its cost, claiming “trade secrets”?

To the 26 year old first-class honours engineering graduate, I empathize the turbulence you are facing in your life today which is due to no fault of yours. However, should Gamuda

decides not to retain your services, it would only be their loss, because you would build an equally successful career in many other companies.

To the purported 20,000 workers who, according to MMC Gamuda, would lose their jobs as a result of the underground contract termination, let me emphasize that the Malaysian government is not terminating the project. You will find plenty of opportunities when the new project is awarded at a lower cost, while the savings generated would mean even more projects for the future.

But perhaps, instead of starting a petition on Change.org to seek the Government to reverse its decision on the termination, it might be more productive to start a petition to ask your bosses at MMC Gamuda to make the Malaysian government an offer they cannot refuse.

Thank you.