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Bernama - Sarawak Pan Borneo Highway PDP Termination Saves
Govt RM3.1 Bln - Lim

[Thursday, Feb 06 2020](#)

PUTRAJAYA, 6 FEB --RM3.1 billion in costs could be saved from the termination of the Pan Borneo Highway, Sarawak project delivery partner (PDP) agreement, according to Finance Minister Lim Guan Eng.

He said the funds could then be utilised for other infrastructure development projects in the state.

With the termination of the agreement effective Feb 20, Lim said the financial implications for the implementation of the project would be reduced by 14 per cent.

"The estimated financial implications to the government with the previous involvement of the PDP company amounted to RM21.9 billion while the estimated financial implications after the termination of the PDP agreement would amount to RM18.8 billion," he said here today.

Earlier, Lim witnessed the signing of the Mutual Termination Letter by representatives of the federal government, Sarawak state government and the PDP company.

He also witnessed the signing of the new Project Funding Agreement between the federal government and DanaInfra Nasional Bhd. Also present at the ceremony were Federal Works Minister Baru Bian, Federal Finance Deputy Minister Datuk Wira Amiruddin Hamzah and Treasury secretary-general Tan Sri Ahmad Badri Mohd Zahir.

On Sept 20 last year, the Federal Works Ministry issued a notice of termination to Lebuhraya Borneo Utara Sdn Bhd, the PDP for the Sarawak portion of the Pan Borneo Highway project.



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Launched in March 2015, the mega project which would potentially link the two East Malaysian states was regarded as the biggest infrastructure development endeavour being implemented by the federal government in Sarawak in 54 years.

"The Pan Borneo Highway, Sarawak project will be implemented conventionally without the involvement of PDPs," Lim said. He disclosed that the Cabinet, during a meeting on Sept 4 last year, agreed to the implementation of 11 works packages involving 786.4 kilometres. He said one works package contract, namely WPC01 involving a 33-kilometre stretch from Telok Melano to Semantan, was completed according to schedule on Jan 6 this year. Meanwhile, asked about a possible delay of the project following the PDP agreement termination, Baru Bian replied: "We foresee challenges in delaying the construction itself. The reason we did away with PDP was to ensure that the project is executed and implemented smoothly within the time period and cost."

However, he said the challenges could be addressed via working closely with the Sarawak state government and Sarawak Public Works Department as the superintending officer to ensure smooth implementation of the project. On any penalty to be paid to the PDP for the termination, he said his ministry was still studying the matter and has not reached a decision.

"Definitely, there will be some claims, even the possibility of loss of profit, but we will study the conditions under the agreement itself. Whatever claim that is legal and lawful, we will look into it," he said.

In another development, Lim revealed that an economic stimulus package to counter the coronavirus impact on the country's economy would be announced soon.

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