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LBU role in Sarawak Pan Borneo Highway axed

Firm given five months to hand over project to JKR

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KUCHING: Lebuhraya Borneo Utara Sdn Bhd (LBU), whose role as the project delivery partner (PDP) of Sarawak Pan Borneo Highway project has been axed, is given five months to hand over the project to Sarawak Public Works Department (JKR).

The handover date is February 2020, according to Works Minister Batu Bian's special officer for the ministry's projects in Sarawak, See Chee How.

LBU confirmed with *StarBiz* that it received the PDP termination letter on Sept 20.

"We have to novate all the main contractors (of the 10 work packages) to JKR. There will be no change to their agreements," said See in his presentation on Pan Borneo Highway – a game changer for Sarawak infrastructure at the 2019 Sarawak Investment and Business Summit here.

LBU, which is linked to Sarawak tycoon

Tan Sri Bustari Yusof, was awarded the contract (phase 1) valued at about RM16.49bil in 2015. One of the 11 work packages involving total length of about 749km from southern Sarawak to the north in Miri, has been completed.

Most of the work packages involve joint ventures between listed construction companies in Sarawak and Peninsular Malaysia on a 70:30 basis.

Also Batu Lintang assemblyman, See clarified at a question-and-answer session later that there would be no cutting on contract sum.

Having closely monitoring the project for more than a year, he said it was generally progressing well, with 41% completed.

"The contractors have delivered high standard quality of works. We hope to fully complete the project before 2022."

See said the takeover of the project by JKR would save costs but he is unable to quantify it.

On progressive payments to the main con-

tractors based on works done, he expects the time taken to be significantly reduced when JKR takes over the project, from the present 80 to 130 days down to about 30 days.

He said the money to pay the contractors had been deposited with the state authorities by the federal government via warrants.

To another question, See said the federal government's promise of a toll-free Pan Borneo Highway "stands."

On Sarawak Pan Borneo phase 2 project from Miri to Limbang and Lawas, See said it would also be implemented in several work packages.

He said the surveying of land identified for the phase 2 project is currently underway, adding that the ministry is deliberating on the technical and financial aspects. However, the length and actual routes of phase 2 have not been determined.

"The minister (Baru) hopes to commence works for the first package before the end of this year or early next year," according to See.