



Left to rot: The multi-million ringgit SK Danau Perdana in Taman Desa that has been left abandoned for about a decade..

Lack of accountability

Insufficient guidelines in selecting contractors with the right skills and resources have left the Klang Valley with many abandoned government projects. **2 & 3**

A flaw in the system

Contractors' quality of work on government projects has become a bone of contention lately amidst calls for transparency and change in the way contracts are awarded.

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THERE has been an increase in cases involving government-appointed contractors unable to complete projects or carrying out shoddy work resulting in wastage of billions of taxpayers' monies.

In some projects, the quality of work has been so poor that more funds are required to remedy it after the project is completed. In others, delays have resulted in the developers and sub-contractors running out of funds.

The number of abandoned projects spread across the Klang Valley points to a potential weakness in the government procurement system.

It is not surprising that there have been calls by certain parties for a review as well as greater transparency of the process of how contracts are awarded for public projects.



Eyesore: SK Danau Perdana school in Taman Desa has been abandoned for about 10 years.

Flawed procurement process

The Institution of Engineers Malaysia (IEM) deputy president Tan Yean Chin said a more holistic approach should be taken when awarding contracts. Tan, who also sits on the expert panel to Review Malaysian Construction Industry Practices appointed by the Works Minister, stressed that improvements must be made to the construction industry's supply chain including the flawed procurement process.

"For instance a project at inception level when it is mooted, there is no Act or rule to ensure that the qualified people are picked to carry out the job. Another aspect that requires major overhaul is the procurement process that may no longer be relevant today," he said.

Master Builders Association Malaysia president Matthew Tee, conceded that there were flaws in the current procurement method and weaknesses in the enforcement of existing laws.

The two-envelope system

The conventional way of awarding tenders to the lowest bidders, who quote unreasonably low estimates, is one of the reasons why many projects are delayed. Government agencies such as Kuala Lumpur City Hall (DBKL) tend to go for these low bids as they see it as trying to save cost and being "responsible," Tan said. "But in many cases, the lowest is not necessarily the best," he noted.

He said the government and its appointed contractor owed a duty to the public to pick the best company for the job when they select the contractors and the team of planners, engineers and architects for a project.

Tee emphasised that background checks must be carried out first to

ensure the companies bidding for contracts were financially viable.

"These days anyone can become a contractor and offer the lowest price when bidding for a project, but are they truly qualified? he questioned.

Tan suggested adopting a quality-based system such as the "two envelope system," which he said was the best guide for the government to evaluate bids in a tender exercise.

"The system ensures that only a company with the capacity and capability will get the job," he said.

"What that means is the contractor must have the necessary professional skills and resources as well as financial standing in handling the project. We need the best value for government and public interest.

"The financial capacity of the contractors must be looked into," he reiterated.

He highlighted that the Singapore government as well as other developed nations practised the two-envelope approach when awarding public contracts.

"They even go the extra mile to publish the tender results for public scrutiny.

"We recommend that our Government and its agencies adopt this approach because the conventional way currently of awarding contracts does not yield the best results," he said, adding that the same method could be used in selecting the consultants, contractors, engineers, planners and architects.

Hold them liable

Tan said it was also time to make higher ranking officers like company directors, project directors, contractors and site supervisors accountable instead of just prosecuting rank-

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— MATTHEW TEE



and-file personnel when a mishap happened.

"When something happens the usual scenario is for the people to blame the low-ranking personnel at the site, overlooking site supervisors and those who are mandated to ensure the project is completed within the specified time frame and cost," he said.

The same went for shoddy work, he said, citing as example the collapse of the Terengganu stadium and the Serdang Hospital roof. He said contractors and consultants must be accountable for shoddy work.

He drew on another example -- the Pudu/Imbi sinkhole incident which involved temporary works. Tan said: "Currently there are no clear guidelines or rules that require the design and construction methodology of temporary works carried out by contractors to be designed and supervised by a professional engineer, and it is vital for this to be implemented."

He added that making those in the higher-up accountable would also curb corruption at construction sites and prevent personnel like site supervisors from taking kickbacks to

turn a blind eye on faulty works.

"Developers cannot lay blame on others if a project is delayed or something happens at the site. If the contractor is slow or doing shoddy work, the developer should step in and replace the company," he said.

He added that it was ultimately the developers who employed the project consultant and they have responsibility to monitor the work, so they must be liable too.

Amend Acts

Tan said the Government should amend the necessary Acts such as Construction Industry Development Board (CIDB) Act to take action against company directors, site supervisors, project consultants and contractors, and also the consultant's resident site supervisors found responsible for the failure of a project or building.

He said the relevant Act should be amended to make it a statutory requirement for site supervisors (both contractor and consultant) to be registered with a regulatory body such as CIDB or BEM (Board of Engineers Malaysia).

He also recommended that the Government institutionalise the number and level of qualification of site supervisors needed to act for the consultants and contractors at the site.

"Contractors shall engage professional engineers to design, endorse and supervise temporary works on site.

"All these designs shall be submitted to the authorities such as the Occupational Safety and Health Department and local councils," he explained.

> For the list of abandoned projects, see next page.

Prominent government projects that were abandoned or delayed

1) SK Danau Perdana, Taman Desa, (RM14.5mil)

A decade has passed since the multi-million ringgit SK Danau Perdana government school in Taman Desa, Kuala Lumpur was abandoned, barely a year after it was first opened in 2004.

Part of the school's wall collapsed and students were relocated to a nearby school.

Today, all that's left of the RM14.5mil structure is one big mess that residents call an eyesore. Apart from being covered with undergrowth and rubbish, it is also the favourite hang-out for vagrants and drug addicts.

2) Serdang Hospital (RM690mil)

Everyone knows about the infamous Serdang Hospital where the ceiling collapsed three times in several years, with the latest incident taking place in October, 2013.

Last year, the nine-year-old hospital saw parts of the ceiling of its

maternity ward collapse.

The first incident happened on Jan 30, 2011 in the main lobby while on Aug 13, 2010, three nurses and a female medical officer in the Emergency Department were injured after 15 ceiling pieces measuring 2 ft x 2 ft each collapsed.

The hospital had reportedly cost RM690mil to build and is one of the e-hospital networks envisioned by the Government.

3) Plaza Rakyat (RM3bil)

It is no secret that after almost 20 years in limbo, the abandoned Plaza Rakyat project looks set to be revived with the recent arbitration decisions favouring Kuala Lumpur City Hall (DBKL). But negotiations are still pending between City Hall and the Plaza Rakyat developer over the accumulated bank charge, hence it may take some time before the project actually takes off again.

4) Jelatek Fire Station (RM6.2mil)

In Jalan Jelatek, Kuala Lumpur, the current Class B fire station was abandoned for three years before efforts to revive it was finally initiated in 2010.

The Federal Government project, which was 90% complete, had stalled because the developer faced financial difficulties.

The contract was initially awarded to Waja Timur Sdn Bhd in 2003 and was supposed to have been completed by 2007.

The government had to pay RM6.2mil, an additional RM2.2mil from the original RM4mil allocated for the project, to fix the building that was already showing signs of dilapidation.

The bulk of the repair work was internal and the entire wiring system needed to be overhauled including the fire-fighting system, sewerage, water and electricity connection.

5) Jinjang and Batu Retention Ponds (RM528mil)

In March of 2009, a massive flood caused havoc and damage in the city which the Kuala Lumpur City Hall said could have been avoided if the Kuala Lumpur Flood Mitigation Project (package B) had been completed as planned in December.

The then KL Mayor Tan Sri Ahmad Fuad said the project was awarded to an independent contractor, Paremba Construction, which was given a whopping RM528mil to build the Jinjang and Batu Retention Ponds that were supposed to have been completed in May 2007.

Ahmad Fuad said the contractor's delay in completing both retention ponds was one of the main reasons for the March 3 flooding that caused chaos in the city.

The contract was terminated soon after.



1 The Fire and Rescue Department In Jelatek which was 90% complete, had stalled because the developer faced financial difficulties.

2 Plaza Rakyat which was left abandoned for 20 years.

3 Parts of the ceiling at Serdang Hospital main lobby which gave way.

4 All that is left of the RM14.5mil SK Danau Perdana which residents call an eyesore.

- filepics

