

25 August 2009 (Tuesday)

Ong sues Tiong for RM500m

By V. Anbalagan

KUALA LUMPUR: MCA president Datuk Seri Ong Tee Kiat has filed a RM500 million defamation suit against businessman Datuk Seri Tiong King Sing for claiming that he (Tiong) had given the party RM10 million. The writ of summons was filed yesterday at the High Court here through Tetuan Tan, Goh and Associates. Ong is also claiming aggravated and exemplary damages and other pecuniary benefits deemed fit by the court. The transport minister also wants to restrain Tiong, who is the defendant, or his agents from further publishing and disseminating any slanderous and libellous articles.

Ong also wants Tiong, the Barisan Nasional Backbenchers Club chairman and Bintulu member of Parliament, to publish an unreserved apology in all leading Bahasa Malaysia, English, Chinese and Tamil newspapers withdrawing his claim that he had given the RM10 million. He said the terms and conditions of the apology should be agreed by his lawyers. In his statement of claim, Ong said Tiong, who is executive director of Kuala Dimensi Sdn Bhd, was reported to have carried the libellous article (about the RM10 million payment) in a news portal on Aug 12.

Ong said the report in its ordinary and natural meaning could be understood that he took the money without the knowledge of MCA members and had abused it for self interest. Ong claimed that Tiong's statement had tarnished his reputation, image and integrity, and had caused him to be hated and despised by the public. He also said that Tiong's allegation was unfounded and made in bad faith to stop the investigation into the Port Klang Free Zone issue, in which Kuala Dimensi was implicated.

Ong further claimed that his legal letter to Tiong on Aug 13 seeking a retraction, apology and compensation was unheeded with the businessman continuing to make similar allegations to several newspapers. Ong and Tiong have been engaged in a running battle over claims made by the businessman that he had given the money to the MCA president for party purposes. Ong had dismissed the claims and had made a police report. Meanwhile, Tiong alleged he had a friend as witness that the money was given in cash. A member of Ong's legal team, Ronnie Tan, told reporters their client had come to court to clear his name. "He (Ong) wants the truth to be out in court and not a trial by media," Tan said. He added that any money awarded to Ong from the lawsuit would be donated to charities and for educational purposes.

26 August 2009 (Wednesday)

Business Economists expect recovery in 2nd quarter

By Rupa Damodaran

The Malaysian economy will shrink 3.32 per cent for the whole of 2009, better than a -5 per cent official forecast, says a Business Times poll.

Economists are confident that the Malaysian economy has seen its worst and the second quarter data is likely to show recovery. According to a Business Times poll, the economy will contract by a slower 5.17 per cent in the April-June period. This could mean that it would shrink by 3.32 per cent for the whole of 2009, better than a -5 per cent official forecast. Malaysia's gross domestic product (GDP) for the first quarter contracted by a steep -6.2 per cent as exports tumbled following a slump in demand in developed countries. In fact, the global recession took its toll on the economy in 2008 when GDP in the fourth quarter of that year rose by only 0.1 per cent. Bank Negara Malaysia Governor Tan Sri Dr Zeti Akhtar Aziz will release the second quarter data today.

GDP forecasts			
(% year-on-year)	Second quarter	2009	2010
Action Economics	-4.5	-4.0	4.0
Affin Investment Bank	-5.2	-2.8	3.5
AmResearch	-5.0	-3.0	3.0
Bank Islam	-5.5	-3.2	2.6
CIMB Investment Bank	-5.0	-3.0	3.5
Citi	5.5	-3.4	4.8
DBS Bank	-5.6	-4.0	3.8
HSBC Bank	-5.6	-3.8	6.3
IDEAglobal	-4.4	-1.7	na
Inter-Pacific Research	-5.5	-3.6	3.0
JPMorgan Chase Bank	-4.0	-3.0	4.4
Kenanga Investment Bank	-4.0	-1.3	3.5
Kuwait Finance House	-5.8	-3.6	na
Maybank Investment Bank	-5.9	-3.8	4.2
MIDF Research	-5.5	-3.8	4.5
MIER	-6.0	-4.2	2.8
OCBC Bank	-5.7	-4.8	2.5
OSK Investment Bank	-5.0	-3.0	2.5
RHB Research	-5.6	-3.5	3.8
Standard Chartered Bank	-5.5	-3.1	3.8
TA Research	-5.0	-3.3	3.3
UOB Bank	-4.9	-4.0	4.5
AVERAGE	-5.21	-3.36	3.71

Kit Wei Zheng, Citi's economist for Malaysia and Singapore, said the first quarter GDP of 2009 was the most intense quarter of the recession. "The peak in retrenchments in the second quarter supports the view that the economy has bottomed and is on a gradual recovery path." He expects recovery to gather momentum in the second half as shortages in parts and labour, which have been holding back recovery, gradually ease. The government will also spend money under its stimulus plans faster and this will have a bigger impact on economic activity. On a seasonally adjusted annualised quarter-on-quarter rate, Citi

expects growth at around 4 per cent, which is just a fifth of the 20.7 per cent jump seen in neighbouring Singapore.

Quarter on quarter comparisons are typically used to better pinpoint a turnaround. Still, Standard Chartered Bank's Southeast Asia economist Alvin Liew thinks the pace and sustainability of the recovery remains uncertain. "We forecast that the second quarter GDP growth rebounded to 12.6 per cent quarter on quarter (annualised rate, non-seasonally adjusted) from a 27.3 per cent plunge in the first quarter." TA Research economist Patricia Oh said improving labour market conditions, business sentiments and consumer confidence will support domestic demand.

26 August 2009 (Wednesday)

Municipal grants for Sabah and Sarawak from next year

PUTRAJAYA: The National Finance Council yesterday agreed that annual grants for local authorities be extended to those in Sabah and Sarawak, starting next year. The grants would help to improve their services and performance, said Prime Minister Datuk Seri Najib Razak, who is also finance minister, after chairing the council's meeting yesterday. The move will result in an increase of RM62.8 million in grants for Sabah and Sarawak annually. Local authorities in the two states have not been receiving financial assistance from the Federal Government as local government is a state matter there. The meeting also agreed that the service charge paid to state governments with civil servants involved in the implementation of Federal Government projects be increased from five to 10 per cent in the peninsula, and to 10 per cent in Sabah and Sarawak. This will result in payment of RM150 million instead of RM75 million annually.

Najib said all state governments had received audit certificates from the auditor-general. "The state governments should take heed of the recommendations so as not to repeat mistakes, and to improve their performance." In terms of spending, Najib said, all state governments must follow the regulations and the principle of value for money. The meeting also took note of the loans taken from the Federal Government. Najib hoped the state governments would pay the loans according to schedule. However, the Federal Government understood the financial constraints faced by them, he said, adding that the government had converted loans into grants for non-profitable projects, such as the rural water supply undertaken by the states. "This shows the Federal Government's sensitivity towards the financial needs of the state governments," he said.

The Federal Government will also assist those having problems relating to management expenditures. "This applies to all states controlled by Barisan Nasional or the opposition. In protecting the interests and needs of the rakyat, we will treat them the same way," the prime minister said. Asked about the Malacca government's proposal to build a 52km bridge linking Malacca and Dumai in Sumatra, Najib said: "All I know is it is a private sector

initiative. We have not studied the proposal yet. So, we will study it first and discuss with the Indonesian government." The Malacca government had suggested the construction of the bridge, which is estimated to cost about US\$11 billion (RM38 billion). Chief Minister Datuk Seri Mohd Ali Rustam had said the bridge would have great economic potential, considering the population in Sumatra had reached 70 million compared with Singapore which had only four million. He said the idea of the bridge had been raised since 1995, but was put on hold a few years later due to the Asian financial crisis affecting both countries then.

Ong claimed that Tiong's statement had tarnished his reputation, image and integrity, and had caused him to be hated and despised by the public. He also said that Tiong's allegation was unfounded and made in bad faith to stop the investigation into the Port Klang Free Zone issue, in which Kuala Dimensi was implicated. Ong further claimed that his legal letter to Tiong on Aug 13 seeking a retraction, apology and compensation was unheeded with the businessman continuing to make similar allegations to several newspapers. Ong and Tiong have been engaged in a running battle over claims made by the businessman that he had given the money to the MCA president for party purposes. Ong had dismissed the claims and had made a police report. Meanwhile, Tiong alleged he had a friend as witness that the money was given in cash.

A member of Ong's legal team, Ronnie Tan, told reporters their client had come to court to clear his name. "He (Ong) wants the truth to be out in court and not a trial by media," Tan said. He added that any money awarded to Ong from the lawsuit would be donated to charities and for educational purposes.

26 August 2009 (Wednesday)

Oil royalty talks in last stage

THE government will withdraw its oil royalty suit against the Federal Government after discussions on several matters have been concluded. Menteri Besar Datuk Ahmad Said said it was at the final stage of discussion with Petronas before the Federal Government agreed to return the management of oil royalty to the Terengganu government. "Discussions to return the management of oil and gas royalty to Terengganu are ongoing as we have not agreed on some small matters. "That is why we have yet to withdraw the suit.

When it is settled, only then will the oil royalty management be handed over to the Terengganu government," he said to a supplementary question by Datuk Harun Taib (Pas-Manir) in the state assembly here yesterday. The suit against the Federal Government was filed by Pas in 2000 when it ruled Terengganu from 1999 to 2004. To the original question by Harun, Ahmad said the Terengganu government should have received more than RM15 billion in oil royalty directly from the Federal Government from 2000 until now.

26 August 2009 (Wednesday)

Call by divisions to suspend Tee Keat

IPOH: Five MCA divisions in the state have called on the disciplinary board to suspend party president Datuk Seri Ong Tee Keat and investigate an allegation that he received a RM10 million "donation". MCA Batu Gajah division deputy chairman Datuk Lee Kon Yin said an investigation or an inquiry must be convened to determine whether the allegation was true so as to protect the good name, image and integrity of the party. He said a memorandum on the issue, which was signed by Batu Gajah, Ipoh Barat, Ipoh Timur, Tambun and Bagan Datoh division representatives, was sent to the party's disciplinary board chairman Datuk Ng Cheng Kiat yesterday.

The board has to stop Ong from carrying out party-related duties and activities until his name was cleared, Lee told a news conference yesterday. Ong, who is also transport minister, filed a RM500 million suit on Monday against member of parliament for Bintulu Datuk Seri Tiong King Sing for defamation. Ong claimed that Tiong, the executive director of Kuala Dimensi Sdn Bhd, had issued a defamatory statement about him receiving a RM10 million donation, which was published in the Malaysiakini website on Aug 12. Ong claimed that the statement was made in bad faith and with malice to prevent a fair and correct investigation into the abuse of funds by Port Klang Free Zone (PKFZ) and Kuala Dimensi's role in the affair. Kuala Dimensi, the turnkey contractor for the PKFZ project, is the subject of a probe by the Public Accounts Committee and the MACC - Bernama

26 August 2009 (Wednesday)

PAC's port probe continues

KUALA LUMPUR: The Public Accounts Committee will interview the management of Kuala Dimensi Sdn Bhd, the turnkey contractor in the scandal-hit Port Klang Free Zone (PKFZ) project, at Parliament House today. The KDSB will give its version of controversial events that have plagued the project. "I will most likely be present," said KDSB deputy chief executive officer Datuk Faisal Abdullah. He declined to elaborate. It is not known if the company's chief executive officer, Datuk Seri Tiong King Sing, who is also Bintulu member of parliament and Barisan Nasional Backbenchers Club chairman, will be attending.

The PAC is expected to question KDSB on a range of issues, including the controversial letters of support that the company had claimed were letters of guarantee and the findings of the PricewaterhouseCoopers audit on the project. Last week, the PAC interviewed Port Klang Authority (PKA) chairman Datuk Lee Hwa Beng on the current status of the PKFZ and what was being done by PKA to address the problems. It also interviewed Transport Minister Datuk Seri Ong Tee Keat and two of his predecessors - Tun Dr Ling Liong Sik and Tan Sri Chan Kong Choy -- on decisions made during their respective tenures.

The PKFZ, an integrated 400ha free commercial and industrial zone adjacent to Port Klang, is embroiled in controversy after it was revealed that the cost of its development had shot up from RM2.5 billion to RM4.6 billion. Apart from the PAC probe, the Malaysian Anti-Corruption Commission is also investigating the PKFZ scandal. PKA recently lodged a police report after a task force found billing discrepancies of between RM500 million and RM1 billion to Kuala Dimensi and BTA Architects, the project's development contractor. Kuala Dimensi was at the centre of a report compiled by PricewaterhouseCoopers, which was appointed by PKA to look into the fiasco. The company had countered with a suit against Transport Minister Datuk Seri Ong Tee Keat, PKA and its chairman, claiming that the three defendants had overstepped their authority by publishing the report.

27 August 2009 (Thursday)

Government urged to redeem Kuala Dimensi bonds earlier

KUALA LUMPUR: The government is considering early redemption of its outstanding bonds from Kuala Dimensi Sdn Bhd to reduce the cost of the Port Klang Free Zone (PKFZ) project. Public Accounts Committee (PAC) chairman Datuk Seri Azmi Khalid said redeeming the bonds before their maturity date of 2017 could save the government between RM1.1 billion and RM1.4 billion in interest charges. Azmi said early redemption of the bonds would cost between RM3.2 billion and RM3.5 billion, compared with RM4.6 billion when they matured in 2017. "The government just needs to buy back the bond at the current price. What increases the value is the period. Don't wait for 15 years. You do it now, you cut the cost," he said after chairing the PAC meeting at Parliament house yesterday.



Public Accounts Committee chairman Datuk Seri Azmi Khalid (left) and Kuala Dimensi Sdn Bhd chief executive officer Datuk Seri Tiong King Sing seem to be rushed for time yesterday.

Earlier, the PAC interviewed Kuala Dimensi deputy chief executive officer Datuk Faizal Abdullah and its management team for about three hours. Kuala Dimensi chief executive officer Datuk Seri Tiong King Sing, who is Bintulu member of parliament, was seen arriving with Faisal, but excused himself as he had a meeting elsewhere. Azmi said during the meeting, Kuala Dimensi, the turnkey developer of the controversial project, had proposed that the Port Klang Authority (PKA) pay the outstanding balance earlier.

The company also said it had received RM1.6 billion to RM1.7 billion to date. "People's perception of Kuala Dimensi is that the company made big profits (out of the PKFZ project). (During the meeting), Kuala Dimensi explained that the money is for the cost of the bonds and the money goes to the bank," said Azmi, adding that Kuala Dimensi had expressed its intention to go to arbitration over allegations against it for overclaiming for hotel works. He also said Kuala Dimensi had answered all questions "as best as it could" and given a better picture to certain issues. However, there were some questions which it did not answer as it would be sub judice to the court cases. PAC member Datuk Abdul Rahman Dahlan (Kota Belud-BN) said Kuala Dimensi had also mentioned that even if the claims were disputed, there were provisions in the contract that allowed for arbitration.

He said Kuala Dimensi was waiting for the claims from PKA. "If there is dispute, they can go to the court or choose arbitration. There are avenues for discussion." PKA recently lodged a police report after a task force found billing discrepancies of between RM500 million and RM1 billion to Kuala Dimensi and BTA Architects, the project's development contractor. Faizal said he had answered all the queries posed by the PAC. "It was a very good meeting. We have managed to clarify a lot of matters except for matters which are before the court." Faizal dismissed claims that the company had overbilled PKA. "We have not been paid in full yet. So where is the over-billing?"

27 August 2009 (Thursday)

PKA seeks probe of port boss' ties to Tiong, others

By Regina Lee

PUTRAJAYA: The Port Klang Authority (PKA) has lodged a second report with the Malaysian Anti-Corruption Commission (MACC), this time asking the agency to investigate the relationship between its former general manager and major players in the Port Klang Free Zone (PKFZ) scandal. PKA chairman Datuk Lee Hwa Beng said in a statement yesterday he had lodged a report on behalf of PKA against Datin Paduka O.C. Phang, who was PKA general manager from 1997 to last year, and former executive chairman of Port Klang Free Zone Sdn Bhd, the manager and marketer of the free zone.

The second report also named Kuala Dimensi Sdn Bhd, the turnkey contractor of the controversial project, its chief executive officer Datuk Seri Tiong King Sing and BTA Architect and/or Bernard Tan Seng Swee as the consultant appointed for the development works in the project. PKA urged MACC to investigate Phang and the relationship among the five parties, alleging that there was a possible conspiracy between them. Lee, who arrived at the MACC office at 2.26pm yesterday, was accompanied by PKA's lawyer, Lim Chee Wee. In the 15-minute meeting, Lee handed over a two-volume report to an MACC officer. MACC director of investigations Datuk Shukri Mohd Abdull confirmed that they had received information and documents from Lee. In the statement, Lee said the two volumes were not

the report of the task force set up to look into the scandal, "but our reports lodged against these five parties to MACC".

"It is based on directors' meetings, evidence and documents that we have from our staff, whatever task force and committees. The task force report has not been given to anybody, including the MACC." Lee said this report with the MACC, and also the initiation of legal proceedings, was only authorised by the PKA board members only after lengthy meetings. In the first MACC report lodged in May, Lee had handed over the audit report by PricewaterhouseCoopers Advisory Services. Following the audit report, the Transport Ministry set up a task force comprising lawyers, accountants, quantity surveyors and building cost consultants to look into the scandal. The task force uncovered more discrepancies after concluding its report two weeks ago, prompting PKA to lodge a police report against Kuala Dimensi and BTA Architect the next day.

27 August 2009 (Thursday)

GDP shrinks at slower pace

By Rupa Damodaran

Malaysia's gross domestic product contracted at a slower pace of 3.9 per cent the second quarter compared with 6.2 per cent in the previous quarter



The Malaysian economy has stabilised during the second quarter, with growth led by the increase in public spending as well as private consumption, Bank Negara Malaysia governor Tan Sri Dr Zeti Akhtar Aziz said. Gross domestic product (GDP) contracted at a slower pace of 3.9 per cent in the period compared with 6.2 per cent in the first quarter. Growth continued to be affected by weak external demand and private investment activity. The services sector turned around in the second quarter to post 1.6 per cent growth (0.2 per cent contraction in the first quarter) due mainly to better performance of the finance and insurance subsector.

Construction growth strengthened to 2.8 per cent as the industry benefited from the stimulus packages, while the agriculture sector turned around with 0.3 per cent growth, supported by the strong production of food crops and smaller decline in industrial crops.

The numbers beat market expectations and a Business Times poll, which had expected the GDP to contract 5.21 per cent. HSBC Bank senior economist Robert Prior-Wandesforde described Malaysia's growth numbers as another impressive Asian economic release along with those from China, Hong Kong, South Korea, Indonesia, Singapore, Taiwan, Thailand and Vietnam. "Doomsayers have argued that the V-shaped improvement will quickly turn into a W, but we remain optimistic about the durability of the recovery. "At the very least, a reasonably powerful regional trade recovery looks likely. Overall, we are happy to stick to our 6.3 per cent GDP growth forecast for Malaysia in 2010," he said.

Meanwhile, Zeti said that she expected further improvement in the third quarter, with a slower pace of decline before positive growth emerges in the fourth quarter. "Domestic demand is likely to gain some further momentum in the second half of the year given continued access to financing, lower rate of inflation and a financial market that remains stable and favourable," she said, adding that labour market conditions had improved. "Our household and business sectors are not over-leveraged, which is important because this would have been a constraint on the recovery of the domestic economy," she said.

Apart from an improvement in commodity prices, the aggressive implementation of the fiscal stimulus plans will further lend support to domestic demand in the second half of the year, Zeti added. The Treasury will announce a revision to the growth forecast for Malaysia when Budget 2010 is tabled in Parliament in October. "There will be some improvements given that the domestic economy is doing better and our intra-regional trade with Asia has shown some improvement."

Zeti also pointed out that growth was 4.8 per cent when compared to the first quarter. On the slower recovery vis-a-vis neighbours like Singapore, Thailand and Taiwan, she said the Malaysian economy was impacted by high commodity prices last year, which caused inflation to soar to 8 per cent. "The decline in commodity prices affected our exports compared to other non-commodity-based economies." Gross exports registered a sharper contraction of 26.3 per cent as demand for manufactured products from major trading partners remained weak, while commodity exports contracted significantly by 40.6 per cent. However, domestic demand, which accounts for 88 per cent of GDP, is improving amid recovery in consumption demand. "With the structural change, consumption demand will contribute more significantly to growth of the economy. It will be more balanced and we don't want to be over-reliant on the external sector," said Zeti.

31 August 2009 (Monday)

Perks and pensions for more vets

By Chuah Kim Bee

JOHOR BARU: A formula is being worked out for armed forces personnel who have served less than 21 years to enjoy pension and medical benefits after their retirement. Currently, only those who have served at least 21 years are eligible for the pension scheme or any other benefits. Armed Forces Veterans Affairs Department (AFVAD) director-general Maj-Gen Datuk Zulkiflee Mazlan said armed forces personnel put their lives and limbs at risk for the country. "It does not matter whether they worked for 19 years or 20 years, as long as they have rendered service, they should get some kind of benefits. "If they cannot get the full benefits, then a formula has to be drawn up for them to receive pension in accordance with the years they had served," he said, adding that those who served for at least 10 years should be considered for the pension scheme and medical perks.

The pension scheme is one of the proposals to be included in the Malaysian Armed Forces Veterans Bill, expected to be tabled in Parliament later this year. Zulkiflee was speaking to reporters after meeting 200 former staff and widows of former personnel at a dialogue session here on Saturday. The dialogue session was to obtain feedback by the AFVAD prior to the submission of the draft of the Veterans Bill to the cabinet. Among the proposals is one calling on the government to bear the cost of items such as adult diapers. "The standard of living is getting higher and senior citizens do need medical care, so the government should consider such things," added Zulkiflee.