

**CONTENT OF DAILY NEWS OCTOBER 2022**

| <b>BIL.</b> | <b>DATE</b> | <b>NEWS</b>  | <b>PAGES</b> |
|-------------|-------------|--|--------------|
| 1.          | 03.10.2022  | Middlemen Shipped Out                                    | 2            |
| 2.          | 03.10.2022  | Ministry To Terminate LCS Project Middlemen              |              |
| 3.          | 06.10.2022  | 2 Sub-Contractors Sue Boustead, Subsidiary Over LCS Deal | 3            |
| 4.          | 07.10.2022  | 'Govt Needs To Control Debt' – Auditor General's Report  | 4            |
| 5.          | 07.10.2022  | 'SRC Repaid Only 0.5pc Of Govt Loan'                     | 5            |
| 6.          | 07.10.2022  | RON95 Subsidy Increase By 2,495pc To RM4.47B             | 6            |
| 7.          | 07.10.2022  | About RM1.8M Set Aside For 4 Projects Unused             | 7            |
| 8.          | 07.10.2022  | PAC Wants LCS Reports To Be Fully Declassified           | 8            |
| 9.          | 20.10.2022  | Former Sessions Court Judge Jailed, Fined For Corruption | 9            |

3 OCTOBER | MONDAY | PAGE : 1 & 4

NEW  
STRAITS TIMES



NEWS / Nation

MOBILISATION PHASE

# MINISTRY TO TERMINATE LCS PROJECT MIDDLEMEN

This will allow  
Boustead to deal  
directly with vendors,  
says Hisham

QISTINA SALLEHUDDIN  
KUALA LUMPUR  
news@nst.com.my

**T**HE Defence Ministry is in the process of terminating the services of middlemen to reduce the littoral combat ship (LCS) project's construction costs.

In an update on the controversial project, Senior Defence Minister Datuk Seri Hishammuddin Hussein said the termination would allow Boustead Naval Shipyard Sdn Bhd (BNSSB) to negotiate directly with local vendors and original equipment manufacturers (OEMs).

The dismissal of middlemen was one of the two commercial measures taken to plug leakages, streamlining costs and securing the project's completion. The mobilisation phase was slated to end in December.

"I would like to announce a significant development (on the project) in which BNSSB had completed negotiations with 145 local vendors and 42 foreign OEMs. The two parties, especially ones involved in (manufacturing ship) equipment and main systems, had pledged to support BNSSB's continuation of the project."

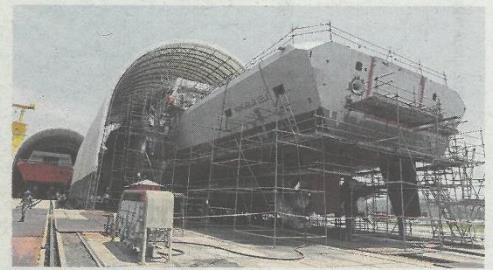
"The process of terminating the involvement of middlemen from the companies Contraves Advanced Devices and Contraves Electrodynamics Sdn Bhd is being carried out actively."

"The termination will also reduce the cost of ship equipment that would have to be paid to vendors and OEMs as no middlemen will be involved (in the business)," he said yesterday.

Hishammuddin also said BNSSB was negotiating with nine banking institutions for a loan restructuring plan.

"Discussions are ongoing and expected to be finalised during the mobilisation phase."

The RM9 billion LCS project was engulfed in controversy when Public Accounts Committee findings revealed that there were discrepancies and delays



The mobilisation phase of the littoral combat ship project is slated to end in December. FILE PIC

since 2017.

The contract was awarded to BNSSB via direct negotiation, with the government paying RM6.083 billion, but not one LCS has been delivered.

According to the declassified report by the Governance, Procurement, and Finance Investigation Committee, the cost of completing the six LCS may balloon to RM11.145 billion.

As for the second commercial measure on the detailed design, Hishammuddin said BNSSB was in talks with French industrial giant Naval Group, which specialised in naval defence development.

"This is important to ensure anything that will be decided later fulfils the needs of the Royal Malaysian Navy as the end user. Naval Group will send its technical team to carry out an audit of the detailed design in October."

From the aspect of government-to-government negotiations, Hishammuddin said he had met with a French government representative, who had handed a written commitment to state that the continuation and completion of the LCS project would be its priority.

"This is a crucial development and greatly assuring since the majority of Naval Group is owned by the French government."

"Overall, all parties, from the government to the commercial (segment), have played their part well, especially during the ongoing mobilisation phase."

On the project's delay, Hishammuddin said construction would resume after all negotiations and agreements were finalised during the mobilisation phase by the end of December.

"As I had stressed earlier con-

cerning the completion date, it will take at least two years for LCS 1. This is a realistic period as following the end of the mobilisation phase, all parties will have 14 months to ensure that the ship is in the water before undergoing the Harbour Acceptance Test and Sea Acceptance Trial.

"This timeline must be adhered to by all stakeholders, particularly BNSSB as the manufacturing company."

Hishammuddin added that the negotiation process of the mobilisation phase would be presented to the cabinet.

The monitoring structure at every mobilisation phase would also be scrutinised by the Project Monitoring Committee, chaired by the Finance Ministry's chief treasury secretary and the Defence Ministry's chief secretary.

"An LCS Technical Committee under the PMC will also be established and meet twice a week."

At the same time, he said RMN had applied for the procurement of the second batch of littoral mission ships, equipped with comprehensive machinery and equipment.

Hishammuddin said his ministry had applied to the Economic Planning Unit in the Prime Minister's Department for the procurement of the LMS.

"All parties are working together closely to ensure RMN acquire the much-needed asset. The ministry, at the same time, will also continue to provide full cooperation in any investigation by the authorities."

Page 1 pic: An uncompleted littoral combat ship at the Boustead Naval Shipyard in Lumut, Perak, in August.



6 OCTOBER | THURSDAY | PAGE : 3

CONTRACT TERMINATION

## 2 sub-contractors sue Boustead, subsidiary over LCS deal

**KUALA LUMPUR:** Boustead Heavy Industries Corporation Bhd (BHIC) and Boustead Naval Shipyard Sdn Bhd (BNS) have been sued by two sub-contractors who were involved in the controversial littoral combat ship (LCS) project.

In a filing to Bursa Malaysia on Tuesday, BHIC said the suit was filed at the Kuala Lumpur High Court on Sept 27 by its 51 per cent-owned Contraves Electrodynamics Sdn Bhd (CED) and Contraves Advanced Devices Sdn Bhd (CAD).

The suit named BNS, BHIC, BHIC Defence Technologies Sdn Bhd (BHICDT) and BHICDT nominee directors Salihin Abang and Syed Zahiruddin Putra Syed Osman as defendants.

Under the writ of summons and statement of claim, CAD and CED claim that BNS' decision to retract 12 letters of awards (LoA) for the LCS project was invalid.

They had been tasked with buying equipment from original manufacturers for the naval frigates.

The LoAs were reportedly cancelled by BNS last month following allegations of misconduct and fraudulent dealings.

CAD is seeking RM880,068.21, €39.87 million, £3.78 million and 55.94 million Swedish kronor in alleged outstanding amounts



The Public Accounts Committee's findings revealed discrepancies and delays in the RM9 billion LCS construction project since 2017. FILE PIC

from BNS, while CED is seeking RM216 million.

BHIC controls a 27.77 per cent stake in BNS, the Defence Ministry's contractor, for constructing six frigates under the LCS programme.

The Public Accounts Commit-

tee's findings revealed discrepancies and delays in the RM9 billion LCS construction project since 2017.

The contract was awarded to BNS via direct negotiation, with the government paying RM6.083 billion, but not one

LCS has been delivered thus far.

According to the declassified report by the governance, procurement, and finance investigation committee, the cost of completing the six LCS may balloon to RM11.145 billion.

7 OCTOBER | FRIDAY | PAGE : 4

AUDITOR GENERAL'S REPORT

# 'GOVT NEEDS TO CONTROL DEBT'

Take corrective measures so national debt can be easily managed, says auditor general

ARFA YUNUS  
AND ADIB POVERA  
KUALA LUMPUR  
news@nst.com.my

**T**HE government has been told to take corrective measures to control the continuous increase in national debt.

Auditor General Datuk Seri Nik Azman Nik Abdul Majid said gross government borrowings of RM217.201 billion last year increased national debt to RM979.814 billion at 63.4 per cent of the gross domestic product (GDP).

"We are concerned. This increase in debt cannot continue. This should be only a short-term measure.

"In our opinion, the government should take this as a temporary measure and take corrective action so that the increase in debt can be controlled and easily managed."

He said this at a press conference at Parliament after the Auditor General's Report on the 2021 Federal Government Financial Statement and 2021 State Government and State

Agency Financial Statement were tabled yesterday.

Present was Public Accounts Committee chairman Wong Kah Woh.

The report stated that the government's gross borrowings last year was a 11.6 per cent increase from 2020.

Of the total borrowings, RM113.764 billion, or 52.4 per cent, was used to pay the mature principal.

Nik Azman said this was due to an increase in debt and interest payments on national debt.

"These are new interests. Half of the new debts are used to pay old debts.

"This cannot continue. Although we understand this is a temporary measure, our job as auditors is to highlight it."

Nik Azman said although it was

understandable that the government needed to borrow money due to the Covid-19 pandemic in 2020 and last year, Putrajaya must take prudent measures.

"If we look at the figures, the previous loans were used for development expenditure, Covid-19-related expenditure and to help people affected by the pandemic.

"We understand all that, but we are worried about the increasing trend because this must not continue. Taking up loans should be a short-term measure so that we can manage it.

"For a long-term measure, this must not happen. We can't simply use new debt (loan) to pay our old debt."

Wong said the federal debt last year was an increase of about RM100 billion from RM879.56

billion in 2020.

Wong said 16.3 per cent of the revenue collection had been used for loan interest payments.

"This means that for every RM1 of revenue collected, 16 sen is used for loan interest payments.

"The increase also caused the federal government's total liability last year to amount to RM1.298 trillion now, or 84 per cent of the GDP," he said at a press conference at Parliament.

He said even though the government's financial statements for last year was given the Auditor General's Certificate Without Reprimands, there were things that the auditor general highlighted that the government needed to pay attention to. **Additional reporting by Mohamed Basyir and Zanariah Abd Mutalib**



Public Accounts Committee chairman Wong Kah Woh speaking at a press conference at Parliament in Kuala Lumpur yesterday. PIC COURTESY OF INFORMATION DEPARTMENT



7 OCTOBER | FRIDAY | PAGE : 4

## 'SRC repaid only 0.5pc of govt loan'

**KUALA LUMPUR:** The Auditor General's 2021 Year-End Report revealed that SRC International Sdn Bhd has paid back only 0.5 per cent of the total loan provided by the government up to the end of last year.

Auditor General Datuk Seri Nik Azman Nik Abdul Majid said the 1Malaysia Development Bhd subsidiary company had received loans from the government amounting to RM600.80 million over three years.

It was given RM91 million in 2015, RM213.68 million in 2016 and RM296.12 million in 2017.

"But up to Dec 31 last year, the company has made repayments of only RM3.25 million, or 0.5 per cent of the total loan amount. This makes the company's loan arrears with the government amounting to RM597.55 million," he said in the report published yesterday.

SRC International also made loan withdrawals of RM4 billion from the Retirement Fund Incorporated (KWAP), which was guaranteed by the government.

It received RM2 billion in 2011 and RM2 billion in 2012, and the loan repayments began in 2014.

The KWAP loan principal balance last year amounted to RM985 million, which was a decrease of RM1.5 billion, or 60.4 per cent, compared with 2020, which amounted to RM2.485 billion.

"Last year, the government received the loan principal amounting to RM1.5 billion and interest amounting to RM40.29 million using development allocations."

7 OCTOBER | FRIDAY | PAGE : 4

## RON95 subsidy increases by 2,495pc to RM4.47b

**KUALA LUMPUR:** The fuel subsidy for RON95 petrol had increased by 2,495 per cent more last year, compared with 2020.

The Auditor General's 2021

Year-End Report mentioned that the government had spent RM172.22 million for RON95 fuel subsidy in 2020 and this increased to RM4.47 billion last

year, a difference of RM4.30 billion.

For diesel, Auditor General Datuk Seri Nik Azman Nik Abdul Majid said the government provided a subsidy of RM2.9 billion last year compared with RM292.54 million the year before, which was an increase of 891.7 per cent.

The subsidy for liquefied petroleum gas products also increased from RM1.17 billion in 2020 to RM2.65 billion last year, he said.

"The price of petroleum products increased significantly because the average price of crude oil had increased from US\$42.20 per barrel in 2020 to US\$70.50 a barrel last year. However, the selling price set by the government remains unchanged.

"Petroleum products were the



The government spent RM172.22 million for RON95 fuel subsidy in 2020. FILE PIC

highest to be subsidised, amounting to RM10.02 billion or 76.3 per cent of the total expenditure," he said in the report.

The government also provided a toll compensation of RM1.34 billion, which was an increase of RM285 million or 27.1 per cent

compared with 2020, which amounted to RM1.05 billion.

He said the compensation subsidy was paid to highway concession companies following the granting of toll discounts and postponement of toll hikes in 21 highways last year.

|            | PRAYER TIMES  |        |       |              |         |       |
|------------|---------------|--------|-------|--------------|---------|-------|
|            | SUBUH<br>(am) | SYURUK | ZUHUR | ASAR<br>(pm) | MAGHRIB | ISYAK |
| Melaka     | 5:49          | 6:57   | 1:02  | 4:13         | 7:03    | 8:12  |
| Penang     | 5:57          | 7:04   | 1:09  | 4:23         | 7:09    | 8:18  |
| K. Lumpur  | 5:52          | 6:58   | 1:04  | 4:17         | 7:05    | 8:14  |
| Johor Baru | 5:43          | 6:51   | 12:55 | 4:06         | 6:57    | 8:06  |
| Kuantan    | 5:46          | 6:54   | 12:58 | 4:10         | 6:59    | 8:08  |
| Ipoh       | 5:55          | 7:00   | 1:07  | 4:20         | 7:07    | 8:16  |

7 OCTOBER | FRIDAY | PAGE : 5

## AUDITOR GENERAL'S REPORT

# About RM1.8m set aside for 4 projects unused

**KUALA LUMPUR:** Nearly RM1.8 million allocated for four government projects had not been spent last year, the Auditor General's 2021 Year-End Report revealed.

Of the total, the largest unused amount was RM1.16 million, which was meant for a Valuer Information System development project under the Finance Ministry.

Auditor General Datuk Seri Nik Azman Nik Abdul Majid said the vendor had failed to complete the project according to the set time.

The report also said the Higher Education Ministry did not spend the approved budget of RM300,000 for its International Students Welfare Division, and the Domestic Trade and Con-

sumer Affairs Ministry did not use up the RM200,000 allocated for the control of a goods and subsidies programme.

The approved RM130,000 allocated for the Tourism, Arts and Culture Ministry for tourism research programmes was also not spent.

Four other ministries spent less than half of their allocated budget for its projects, amounting to RM5.63 million.

Nik Azman said the projects included the Environmental Conservation and Preservation Division (Environment and Water Ministry), padi industry development (Agriculture and Food Industries Ministry), Jerantut High Technology Training Centre (Hu-

man Resources Ministry), and land and preliminary work (Foreign Ministry). Only RM2.26 million, or 40.1 per cent, had been spent on the projects.

The Human Resources Ministry spent the least amount of allocated money, using up only RM110,000, or 30.6 per cent of the RM360,000 given, while the Foreign Ministry spent RM160,000 of the RM500,000 allocated, or 32 per cent.

The Environment and Water Ministry spent only RM1.42 million, or 39.3 per cent of the RM3.61 million allocated, while the Agriculture and Food Industries Ministry used up RM570,000, or 49.1 per cent of the RM1.16 million given.



7 OCTOBER | FRIDAY | PAGE : 5

REDACTED PARTS ISSUE

## PAC wants LCS reports to be fully declassified

**THE** Public Accounts Committee (PAC) has urged for both reports on the controversial six littoral combat ships (LCS) to be fully declassified.

Its chairman, Wong Kah Woh, said based on a two-hour meeting on Wednesday with representatives from the Defence and Finance Ministries, the committee had raised the issue of the redacted parts of the reports.

He was referring to the first report by Special Investigation Committee on Public Governance, Procurement and Finance (JKSTUPKK), and the second by shipbuilding company Boustead Heavy Industries Corporation Bhd (BHIC).

In a previous session with the PAC, BHIC told the committee that it received the redacted report from the Defence Ministry, but on Wednesday, a representative from the ministry said it had no hand in the redacted parts.

"BHIC explained that the company received the redacted forensic report from the ministry before submitting it to the PAC Secretariat to be uploaded on the PAC website.

"However, Defence Ministry secretary-general Datuk Seri Muez Abdul Aziz told PAC that the ministry had never received the report from BHIC and was not involved in deleting parts of the

forensic report.

"PAC hereby requests that the Defence Ministry get an explanation from BHIC and submit the comments to PAC regarding what actually happened," he said at a press conference at the Parliament building here yesterday.

On the JKSTUPKK report, Wong said there was no necessity for the government to redact parts of the report and that PAC was "not satisfied" and "refused to accept" the explanation made by the Attorney-General's Chambers (A-GC) for the deletions.

"PAC insists that the report be fully declassified as stated in the recommendations in this committee's report and the cabinet should give such instructions."

At the same time, Wong said the Malaysian Anti-Corruption Commission had opened five investigation papers (IPs) on the LCS scandal.

Of the five IPs, one was opened in February 2021 and two in January 2022, with one of them already charged, another one submitted to the A-GC and the last IP under investigation.

"PAC will comment on all seven actions that the Defence Ministry has taken against the recommendations of this committee's report for LCS procurement and will present this report in Parliament later."



20 OCTOBER 2022 | THURSDAY | PAGE : 7

**JAIL SENTENCE STAYED PENDING APPEAL**

## Former Sessions Court judge jailed, fined for corruption

**SHAH ALAM:** A former Sessions Court judge was yesterday sentenced to six months in prison and a fine of RM25,000, in default six months' jail, by the Sessions Court here after finding him guilty of corruption.

Judge Rasyiah Ghazali handed down the sentence on Azmil Muntapha Abas, 48, formerly a judge at the Kuala Kubu Bharu Sessions Court, after finding that the defence had failed to raise reasonable doubt against the prosecution's case.

However, the court allowed a stay of the execution of the jail sentence pending an appeal at the High Court and increased the amount of bail from RM6,000 to RM12,000.

The court ordered the notice of appeal to be filed by Oct 21.

Azmil Muntapha was charged in his capacity as a Sessions Court

judge to have obtained for himself RM5,000 without consideration from a person whom he knew had connection with his official function involving court proceedings of six accused in criminal cases.

The six accused are Chin Yat Soong, Yap Chiew Tat, Chin See Shak, Pang Kooi Fook, Yap Swee Ming and Chin Chee Keong who were charged under Section 9 of the Common Gaming Houses Act 1953 (Act 289).

They were fined by Azmil Muntapha for the offence.

Azmil Muntapha was charged with committing the offence at Maybank Setia Alam 2, near here on May 10, 2018.

The charge, under Section 165 of the Penal Code, provides an imprisonment for up to two years or fine, or both, if found guilty.

**Bernama**