

## Parliament

### **A-G's report leaves many to ponder if anything has changed through years**

MUCH of last week at the Dewan Rakyat dealt with the 2008 Auditor-General's (A-G) Report, which was tabled in the House on Monday. Paying RM42,320 for a laptop and notching up hundreds of ringgit in fuel payments for a government car in a few minutes were obvious fodder for Opposition MPs and for both sides of the divide to ponder if anything had changed through the decades. Opposition Leader Datuk Seri Anwar Ibrahim wasted no time in his criticism of the wastage of public funds during the debate on the Budget 2008. He said promises of action were still insufficient and called on the Prime Minister to convene an emergency sitting on the economy to repair the damage done to the national coffers. Five prime ministers had promised action every time these reports were issued, but nothing came of them, he said.

Datuk Seri Abdul Hadi Awang (PAS - Marang) suggested that the Government repair the shortcomings pointed out in the A-G's report. "We must offer help and educate them. Afterwards, the government officials should receive guidance. "If mistakes happen or carelessness occurs, then we should hold a domestic inquiry and punish those responsible for the financial wastage," he added. Pertinently, Datuk Ahmad Hamzah (BN - Jasin) questioned why things were kept quiet between the discovery of the mistakes/abuses and the tabling of the report in Parliament. "If the Government lets things be, the offenders might continue to commit their wrongdoings unperturbed." Ahmad suggested that auditors not only be responsible for digging out information on the mismanagement of public funds but also teach and guide those who might have done wrong. "The auditors should demand an explanation on the spot. Instead, they conduct the audit, disappear and then later ask for an explanation via a letter. "After a long lapse of time, the report comes out. By then, the damage is done," he said.

Datuk Abdul Rahman Dahlan (BN - Kota Belud) said the A-G's department should organise an "exit conference" for an explanation from public officials on what drove them to pay excessive amounts for equipment. Abdul Rahman said in many cases of internal auditing, the A-G's officers might concentrate on certain areas where there was a suspicion of mismanagement of funds. It did not reflect the ineffectiveness of the whole department, he said, adding he supported the A-G's report. But what happened now was that it gave a very bad impression and it was "*meloyakan* (nauseating). Ahmad said the Government should filter the annual report before it was made public so that the country was not embarrassed. Dr Lee Boon Chye (PKR - Gopeng) said the A-G's report did give public officials an opportunity to explain what went wrong. "Unfortunately, we do not see action being taken even though the report is so thick.

"If the Malaysian Anti-Corruption Commission has no work, it can look through the reports and have enough work for decades. "And I do not see how anybody can justify the purchase of a RM42,320 laptop computer," he said. On another matter, Independent MP Datuk Ibrahim Ali took a swipe at Anwar, who had earlier spoken about frogs who remained ignorant of the democratic process. (Ibrahim won his seat on a PAS ticket but is now seen as a bitter rival of the Islamic party.) The fiery MP spoke at length about frogs and green flies. "Frogs that live under the coconut shell only jump from one padi field to another padi field nearby. "They don't go far like wanting to go to America," he said.

Ibrahim also took a jibe at PAS, saying that while frogs were harmless, green flies had been known to carry dangerous diseases. No matter how dangerous the green flies were, the frog could easily catch the flies, he added. The House recorded its condolences to the victims of the suspension bridge collapse in Perak on Monday. However, it rejected an Opposition motion to debate the tragedy. Deputy Speaker Datuk Ronald Kiandee said a special investigative committee led by Deputy Prime Minister and Education Minister Tan Sri Muhyiddin Yassin had already been formed. However, he allowed them to include the matter during the Budget 2010 debate. The MPs were reminded that the budget debate would continue until Nov 5, after which the respective ministries would give their replies.

## **Monday November 2, 2009**

### **Govt heads should explain 'irregularities'**

KUALA LUMPUR: The Institute of Integrity Malaysia (IIM) has recommended that heads of government agencies reprimanded in the Auditor-General's Report 2008 explain the irregularities to the public. "This is crucial in terms of transparency, so that the people receive clear and accurate information on issues raised in Parliament recently pertaining to the report," IIM president Datuk Dr Mohd Tap Salleh said in a statement yesterday. He said by doing so, the negative perception against public service could be addressed. "This happens every year. The lack of supervision and weak monitoring have caused the Government to lose billions of ringgit," he said. He also said the whistle-blowers should be given appropriate protection by the Government. — Bernama

## **Monday November 2, 2009**

### **Malacca to address issues stated in AG's report**

MALACCA: State authorities here will take immediate steps to address weaknesses identified in the Auditor-General's Report 2008 over the lack of monitoring of water catchment areas that could affect the quality of drinking water in Malacca. Chief Minister Datuk Seri Mohd Ali Rustam said the matter would be brought up for discussion at the State Executive Council meeting to rectify the shortcomings noted in the report.

“We will ask the Department of Environment and Department of Drainage and Irrigation to submit a report to the council on the level of pollution. “We will also take action to gazette the areas surrounding the catchment areas,” he said after a briefing on the proposed Artistes Village project in Melaka Pindah here. He was asked to comment on a report by StarMetro citing the weaknesses noted in the AG’s report in regard to water resource management by Syarikat Air Melaka Berhad, which was registered in 2006. The report noted that Sungai Kesang and Sungai Melaka were moderately polluted while Sungai Gadek was clean during the 2006 to 2008 period.

Three water-catchment areas, Sungai Melaka, Sungai Batang Melaka and Sungai Kesang-Chohong, were gazetted in 1992 but the activities allowed in these areas were not defined. However, the water catchment areas around the Jus and Durian Tunggal reservoirs were yet to be gazetted. No action could be taken against trespassers if the areas were not gazetted, the report added. Mohd Ali said the state would also review a lease given to the local council in June last year for the planting of pokok karas (gaharu) on reserve land around the Jus Dam. He said the review would include limiting the lease period to 21 years as provided under the National Land Code, instead of the 30-year lease issued last year.

## **Wednesday November 4, 2009**

### **Parliament**

#### **PAC: Act against ex-minister**

KUALA LUMPUR: The Public Accounts Committee (PAC), which is investigating the scandal-ridden Port Klang Free Zone (PKFZ), is recommending that action be taken against a former transport minister and several officials for criminal breach of trust. PAC committee member Tony Pua said yesterday that the officials included the PKFZ board of directors and Transport Ministry officials. He, however, declined to name the ex-minister concerned. “Many people are responsible. There are nearly 10 people on the board itself. “From the report, we know that many officials have been negligent in their duties. “There are also elements whereby officials have not taken into account their responsibilities to the Government, and some have negligently caused massive losses to the PKFZ project.

“We (PAC) only present the facts and opinion, and we call on the relevant authorities to take the appropriate action against those we believe are negligent,” he told reporters at the Parliament lobby yesterday. Asked on what form of offences that had been committed by the former minister, Pua said: “To the PAC, the charges are serious. There are several issues involved, it’s not just about the letters.” During the PAC inquiry on the project, it was revealed that two former transport ministers had issued four letters of support for the PKFZ project. Last week, PAC chairman Datuk Seri Azmi Khalid said that the PKFZ report would be tabled in the Dewan Rakyat today.

**Wednesday November 4, 2009**

## **Despite protests, construction of the Murum Dam goes into full gear**

MURUM: There is no stopping the construction of Murum Dam now, it would seem. The RM3bil hydro-electric dam project in Belaga district in central Sarawak will unlikely be halted despite ongoing protests from environmental activists and the 2,800 affected natives. Construction had already gone into full-gear, the site and access roads into Murum had been cleared, the Malaysian-China contractor had been hired for building the main dam wall, the contract signed and the workers deployed to the site.



**A view of the Murum Valley which will be flooded to create an 80m-high reservoir for the Murum Dam. (inset) A sign post erected near the valley signalling the construction of the RM3bil Murum Dam is in progress. By Stephen Then / The Star**

*The Star* visited Murum and found that signposts and road signs erected all over Murum, a crystal-clear indication that the state government was going ahead full-steam with the project despite desperate attempts by concerned folk to stop the construction works. The Land and Survey Department had already classified the entire Murum Valley as state-acquired land. It is understandable that the Murum natives are angry. The project had been carried out without their consent and they have to vacate their ancestral home.

They will lose their farms and native customary land. In September, 14 longhouse chiefs from Murum and a group of activists from several environmental watchdog groups staged a peaceful protest in front of the Chief Minister's Office in the state capital. That attempt was futile. Not only did the Chief Minister's Office staff refused to meet the protestors, they called the police.



**An uncertain future: The lives of the Murum natives hang in the balance with the construction of the dam.**

The natives are now contemplating legal action to halt the Murum Dam construction, but past experience has shown that this too will be futile in the end. "We will continue to do what we can to try to stop the project. The affected residents are looking at all available avenues," said Raymond Abin, director of Sarawak Conservation Action Network, a coalition of more than a dozen NGOs from the state as well as the rest of Malaysia. While they may want to continue their protests and legal actions, the affected folks must prepare for the worst. They will sooner or later be forced to move out from Murum Valley and the banks of Murum River because the entire region will be flooded to create a 35,000ha reservoir. The Murum Dam is expected to be completed by 2013 to generate 900MWs of power.

The protests and legal suits will only delay the project or disrupt it temporarily. The state will not bow to such pressure, as demonstrated by the Bakun and Batang Ai hydro-electric dams. The activists should give more attention to helping the affected folk secure a better compensation package. The affected residents must be united and must firmly demand for better housing facilities at the resettlement sites with free housing units, free electricity and water supply, proper roads, public transportation, schools, clinics, written guarantees of land titles and assurance of jobs from the Murum Dam development.

**Wednesday November 4, 2009**

### **Unimas calls for rescue mission of animals threatened by Murum Dam**

MIRI: A Universiti Malaysia Sarawak (Unimas) team had called for a wildlife rescue mission to save and relocate endangered animals at the construction site of the RM3bil Murum Hydro-Electric Dam in Belaga district in central Sarawak. Some 19 species of mammals and 99 species of birds - many of them considered rare - will have their habitats destroyed when the flooding of the dam reservoir begins.

The team also noted that even before the construction of the dam started, logging and related human activities had already severely disturbed the flora and fauna. Unimas had carried out a ground survey at the Murum Dam site, located some 183km from Bintulu, and had found that the region has a rich heritage of plant and animal-life.



**Danger zone: The construction site of Murum Dam will have the habitats of many animals destroyed when the flooding of the reservoir begins.**

The university's Centre for Technology Transfer and Consultancy had deployed a team of researchers to the Murum area to study the impact that the dam will have on the ecosystem. The team had compiled a report on their findings and had forwarded the report to the state authorities and to Sarawak Energy Bhd, the lead developer of the dam project. The construction of the Murum Dam has begun in earnest, with site clearing, road clearing, hill blasting and transportation of raw materials and workers in full-swing.

"A field survey of 15 sites in the forests affected by the Murum project found 99 species of birds and at least 19 species of mammals. "Fifteen of these bird species are classified as rare. Sixteen species of these birds are protected and six species, mainly the Hornbills and Argus Pheasants, are protected under the Sarawak Wildlife Protection Ordinance. Other protected mammals included the Western Tarsier, Bornean Gibbon and Giant Squirrel.

"The Naked Bat, Red Langur and Bornean Gibbons are threatened species. Some 39 species of these birds are endemic to Borneo and 23 of these species are already threatened," said the report. Among the endangered bird species found in Murum are Lesser Fish Eagles, Indian Cuckoo, Red-bearded Bee-eater, Great Slaty Woodpecker and Black-thigh Falcon and many species of hornbills found only in Sarawak, said the report. The clearing of the access road into Murum Dam site from the Bakun Hydro-Electric Dam some 70kms away, had already affected many of the animals and birds along the route, the report said.



**Thursday November 5, 2009**

## **PAC recommends MACC or police to probe two over CBT claims**

KUALA LUMPUR: Former Transport Minister Tan Sri Chan Kong Choy and former Port Klang Authority (PKA) general manager Datin Paduka O.C. Phang have been named in the Public Accounts Committee (PAC) report for alleged criminal breach of trust (CBT) over the Port Klang Free Zone (PKFZ) project. The PAC recommended that the Malaysian Anti-Corruption Commission (MACC) or the police investigate Chan and Phang. The committee, which had investigated the scandal-ridden project, said the two had breached Section 14 (1) of the Financial Procedure Act 1957 by issuing three letters of support and three letters of undertaking for the project without the Finance Ministry's approval.

<b>CITED OVER CBT</b>	
<b>Tan Sri Chan Kong Choy</b> <i>Ex-Transport Minister</i>	<b>Datin Paduka O. C. Phang</b> <i>Ex-PKA general manager</i>
	
<ul style="list-style-type: none"><li>➤ MCA deputy president (2003-2008)</li><li>➤ Transport Minister (2003-2008)</li><li>➤ Deputy Minister; Finance; (1999-2003) Energy, Communications &amp; Multimedia (1995-1999) Culture, Arts and Tourism (1990-1995)</li><li>➤ On Oct 9, it was reported in the media that Chan may take legal action against several media organisations for publishing reports which allegedly implicated him in the Port Klang Free Zone (PKFZ) issue.</li></ul>	<ul style="list-style-type: none"><li>➤ First woman to head Port Klang Authority as general manager.</li><li>➤ Appointed to the post in 1997 by the then Transport Minister Tun Dr Ling Liong Sik.</li><li>➤ Joined the civil service in 1971 and served in several ministries including the Works Ministry and the Prime Minister's Department.</li><li>➤ Resigned from the PKA last year.</li><li>➤ On Oct 2, Phang testified before the PAC in Parliament. She admitted that she did not know what a cash flow projection was despite overseeing the project.</li><li>➤ On Oct 8, the Port Klang Authority (PKA) sued Phang for breach of duty during her tenure.</li></ul>
 GRAPHICS © 2009	

“This means that they are liable for criminal breach of trust under Section 409 of the Penal Code,” said the report which was made available to MPs and the press at Parliament House yesterday. The PAC said the letters had implicitly placed responsibility on the Government to ensure there was allocation for the PKA to fulfil its obligation under the development agreement. The report also said Phang and the Transport Ministry secretary-general should be investigated for appointing Kuala Dimensi Sdn Bhd (KDSB) as the PKFZ developer, also without approval from the Finance Ministry.

The minutes of the PAC inquiry showed that Datuk Zaharah Shaari was the secretary-general at the time when KDSB was appointed. Chan was said to have signed the letters of support to get a favourable rating from an agency for the issuance of bonds to raise money for KDSB in funding the project. The report said the issuance of bonds was improper as it led to the Government suffering huge losses as the funds acquired under the Government’s guarantee was not fully utilised to implement the project.

PAC has recommended that the Finance Ministry review the redemption of bond to prevent accumulating losses from the high interest rate. The letter of undertaking issued by Phang was also against the Government’s decision, the report said, as when the PKFZ project was approved, the Government had decided that the project should be developed by the PKA via a self-financing method. However, PKA apparently could not do so through this method — as stated in the Auditor-General’s reports of 2003 to 2007.

PAC also found that Phang had committed a misrepresentation when she issued a letter of undertaking to OSK Securities Bhd, stating that PKA would seek Government help to remit funds from Budget allocations to a special reserve account that was managed by the PKA. The Authority did not have the approval from either the Transport or Finance Ministries to do this, it said. On the PKA board of directors, the committee said they failed to monitor the Authority’s financial situation although the 2004 A-G’s report raised the fact that the PKA’s financial status did not have the capacity to develop the PKFZ.

The Chief Secretary was recommended to take action against civil servants appointed as board of directors of PKA for failing to carry out their duties efficiently. At the Parliament lobby, PAC chairman Datuk Seri Azmi Khalid said, apart from Chan and Phang, there were other officials named in the report. He said it would be up to the police and MACC to take “whatever action” against those involved. “We don’t know whether there was corruption involved. Sometimes, it’s negligence, sometimes it’s about not knowing that was happening,” he said.

“Whatever action that needs to be taken, it’s up to the police and the MACC to investigate further. The law has adequate provisions.” Deputy Inspector General of Police Tan Sri Ismail Omar said Bukit Aman had been investigating those allegedly involved in the PKFZ scandal.



**Thursday November 5, 2009**

**No cover-up in investigation, says PM**

KUALA LUMPUR: There will be no cover-up in the probe into the Port Klang Free Zone (PKFZ) scandal, Datuk Seri Najib Tun Razak said. The Prime Minister added that the Chief Secretary to the Government, Tan Sri Mohd Sidek Hassan, chaired a special task force committee meeting yesterday to study the recommendations made by the Public Accounts Committee (PAC). Najib was commenting on the latest report released by the PAC in Parliament yesterday of the findings on the PKFZ issue. "The committee will raise its recommendations to the Government, which we will consider. "There will be no cover-up of the weaknesses or wrong-doings pointed out in the PKFZ probe report," he told reporters after launching the small- and medium-scale industries council at Parliament House yesterday.

In the report, the PAC recommended that former transport minister Tan Sri Chan Kong Choy and former Port Klang Authority general manager Datin Paduka OC Phang be investigated by the relevant authorities for criminal breach of trust. Meanwhile, DAP adviser Lim Kit Siang has demanded that Attorney-General Tan Sri Abdul Gani Patail resign for his failure to take action against Chan. He also called for a Royal Commission of Inquiry to further investigate the findings of the PAC and investigate why the Malaysian Anti-Corruption Commission (MACC), Attorney-General and other key institutions had failed to uphold the law. Speaking to newsmen at a press conference in the Parliament lobby, Lim said urgent action must be taken by the Cabinet and there must be a debate in Parliament on the report.

**Thursday November 5, 2009**

**Chan: I signed supporting documents for rating corporation**

KUALA LUMPUR: Former Transport Minister Tan Sri Chan Kong Choy had told the Public Accounts Committee (PAC) inquiry that the three supporting letters he signed were for the Malaysia Rating Corporation Bhd (MRCB). At the July 29 inquiry, Chan confirmed that the letters were supporting documents, not letters of guarantee. He also told the inquiry that the status of the letter was based on feedback received from the then Deputy Finance Minister on Sept 4, 2007. Chan also said that he had sought the advice of a Queen's Counsel who informed him that the letters were supporting in nature, not guarantee letters. The letters stated that Port Klang Free Zone (PKFZ) was a government project and that the Transport Ministry ensured loan payment to be done as and when it was capable to do so. However, Chan could not tell if the letters were a request from Kuala Dimensi Sdn Bhd (KDSB) or not. The letters were, however, forwarded to KDSB. Chan also said tha he was not informed of a Finance Ministry advice that government bond would be issued to fund the project, clarifying that the decision to issue private bond was not of the Transport Ministry's doing.

He also told PAC that the Malay-sian Anti-Corruption Commission did not seek his explanation. Both Chan and retired Port Klang Authority (PKA) general manager Datin Paduka O.C. Phang also said they received no forms of benefit or incentive from KDSB. On the issue of land acquisition, Phang told the inquiry that law firm Rashid Asaari Sdn Bhd was selected to handle the matters on PKA's behalf. She admitted using the firm as a representative for both parties - the purchaser and the seller - but not at the same time. Phang also told the inquiry that quantity surveyor Perunding BE had met her and expressed interest in being part of PKFZ's development. Phang informed the PKA board that the Finance Ministry had approved and submitted three quantity surveyor companies to choose from. Perunding BE was not one of them. Subsequently PKA submitted an application and Perunding BE was included and approved by the Finance Ministry.

The decision to build PKFZ simultaneously, she said, was not PKA's sole decision but agreed upon by the then Prime Minister and before Chan informed the PKA. She told the PAC inquiry that there was not a single cash flow statement that was debated by the PKA management with the board of directors. Phang also informed the inquiry that she did approve KDSB's appointment as the developer and contractor, adding that she was not involved in the issuance of Letters of Support by former Transport Minister Tun Dr Ling Liong Sik. She also denied knowledge about the existence of the letters issued by Chan. The selection for the issuance of government bond to pay for the PKFZ's development, she said, was never discussed when she acted as PKA general manager.

**Thursday November 5, 2009**

### **Panel seeks CBT probe against Kong Choy and former GM**

KUALA LUMPUR: The Public Accounts Committee has issued a damning report against Tan Sri Chan Kong Choy and Datin Paduka O.C. Phang, asking the authorities to probe the two for criminal breach of trust over the beleaguered PKFZ project. In its report on the Port Klang Free Zone yesterday, the PAC wants the Malaysian Anti-Corruption Commission or the police to initiate a probe against the former Transport Minister, the then Port Klang Authority general manager and several others.



**Azmi at the Parliament lobby as he heads for the press conference to reveal the PAC's recommendations in its report on the PKFZ scandal in Kuala Lumpur Wednesday.**

The two allegedly breached the Financial Procedures Act by issuing three letters of support and three letters of undertaking for the project without the Finance Ministry's approval. The MACC was also asked to investigate those involved in acquiring the land to develop the PKFZ, as it was against the Government's decision. PAC also said Phang and the Transport Ministry secretary-general should be investigated for appointing Kuala Dimensi Sdn Bhd (KDSB) as the developer for PKFZ without the Finance Ministry's approval.

Other developments yesterday:

- > The Prime Minister said there would be no cover-up in the probe.
- > The Deputy Inspector-General of Police said police would expedite its probe.
- > PAC chairman Datuk Seri Azmi Khalid said that apart from Chan and Phang, there were other officials cited in the report.
- > Chan had told a PAC inquiry earlier that three supporting letters were for a rating agency, not letters of guarantee.

## **Thursday November 5, 2009**

### **PAC: Government kept in the dark**

KUALA LUMPUR: The Government was not informed of the appointment of Kuala Dimensi Sdn Bhd (kdsb) as the developer for the Port Klang Free Zone (pkfz) project. Neither did the appointment, made by Port Klang Authority (PKA), comply with the Finance Ministry's regulations, said the Public Accounts Committee (PAC) in its report. "The failure of the (Transport Ministry's) secretary-general and PKA general manager to adhere to the regulations in appointing KDSB is an offence and action should be taken against them." It stressed that the Finance Ministry's approval was required to perform due diligence to check on the financial capability and expertise of KDSB as the project involved huge sums of money.

The PAC was of the view that the then Prime Minister cum Finance Minister was not given a complete scenario on the development of PKFZ although the Transport Minister had sought approval from the Prime Minister to develop 1,000 acres at one go. The PKA had yet to conduct a feasibility study at that time. The PAC also found that Datin Paduka O.C. Phang, the general manager of PKA then, signed a development agreement with KDSB before receiving the master plan and market assessment study conducted by Jebel Ali Free Zone International (Jafzi), a consultant appointed for PKFZ. It also said fees of RM6.99mil paid to Jafzi was a waste of public funds since its report was never utilised. Four development agreements, totalling RM2.2bil, was signed by the general manager without the Finance Ministry's approval.

The PAC, in its report, urged the Malaysian Anti-Corruption Commission to investigate those involved in breaching the Government's regulations on land acquisition for the project so that legal action could be taken against them, including Phang. It said the act of Phang signing the land deal, including developing its basic infrastructure at RM1.088bil, had breached financial regulations as she did not seek approval from the Finance Ministry. This was against the Port Authorities Act which stressed on obtaining approval from the PKA board of directors.

The report noted that the Government had agreed for KDSB to build the basic infrastructure but PKA was requested to negotiate the price and then seek approval from the Finance Ministry if the cost exceeded RM100mil. However, PKA did not obtain the approval although the construction work and land purchase hit between RM350mil and RM400mil. The report said the Treasury secretary-general, in a letter dated June 12, 2001, had instructed that land for PKFZ be acquired under the Land Acquisition Act, funded by the Transport Ministry's allocation and then leased to PKA. This instruction was not complied with.

The PAC was of the view that a total of RM645.87mil could have been saved; that only RM442.13mil was needed to acquire the land. It also noted a 7.5% annual interest rate charged for the land prior to the signing of the sales and purchase agreement of the land deal. The deal, signed by the PKA general manager, resulted in PKA paying RM1.088bil for the land and an additional interest rate of RM730mil, making the total land cost hit RM1.818bil. "This means that the cost of land for each sq ft is RM41.76 or 67% higher than the price quoted by the Valuation and Property Services Department. The 7.5% interest rate had also created a double charge scenario for the Government." It also noted that the Valuation Department, in fixing the land price at RM25 per sq ft, had taken into account the interest rate for 15 years.

**Thursday November 5, 2009**

### **Government officials among those quizzed in PKFZ controversy**

KUALA LUMPUR: The Public Accounts Committee (PAC) has hauled up politicians, businessmen and senior government officials when it probed into the PKFZ financial controversy. The 14-member committee is headed by Datuk Seri Azmi Khalid and his deputy is Dr Tan Seng Giaw. The meetings went on for four months from June to September. Interviews by the PAC revealed details that shocked the public. For instance, the PAC said payments worth millions of ringgit were made to the main turnkey project contractor of PKFZ without the prior approval and knowledge of the Port Klang Authority's (PKA) board. On another occasion, the PAC was taken aback by the poor management skills in the PKFZ when former general manager Datin Paduka O.C. Phang admitted that she did not know "what cash flow projection" meant.

Azmi once remarked that the PKFZ, based on its general findings, showed that the massive national project was carried out by incompetent people. Transport Minister Datuk Seri Ong Tee Keat and his two predecessors, Tan Sri Chan Kong Choy and Tun Dr Ling Liong Sik, were among those interviewed by PAC. Others included Phang, PKFZ turnkey contractor Kuala Dimensi's chief operating officer Datuk Seri Tiong King Sing and his deputy Datuk Faisal Abdullah.

**Thursday November 5, 2009**

### **Date for injunction hearing to be fixed on Dec 14**

KUALA LUMPUR: The High Court has set Dec 14 to fix the date for injunction hearing over the RM500mil defamation suit filed by the Transport Minister against Kuala Dimensi Sdn Bhd chief executive officer Datuk Seri Tiong King Sing. Deputy registrar Hilmiah Yusof set the date in her chambers yesterday after meeting counsels Ronnie Tan and Harjit Sandhu who acted for Datuk Seri Ong Tee Keat. The two lawyers also mentioned on behalf of Tiong's lawyer Prem Rama-chandran. Tan told reporters later that Hilmiah had ordered both parties to file affidavits before Dec 14. Ong had filed the injunction application to stop Tiong from spreading any slander or libel against him, added Tan.

Ong filed the suit at the High Court civil registry here on Aug 24. The suit was filed over defamatory allegations made by Tiong that Ong had received RM10mil from him for MCA activities. In his statement of claim, Ong demanded Tiong fully withdraw his defamatory remarks and publish an apology in major Malaysian newspapers of all languages. The purpose of such statements, he said, were to tarnish his name. Ong added that the remarks were published with the element of *mala fide* by Tiong to obstruct the fair and just investigation over the misuse of funds in the PKFZ issue, and the role played by Tiong's company in the controversy.

**Thursday November 5, 2009**

### **Government to take action against errant officers**

KUALA LUMPUR: The Government will take action against officers who mismanaged public funds as highlighted in the Auditor-General's Report 2008, Chief Secretary to the Government Tan Sri Mohd Sidek Hassan said. Mohd Sidek, who chaired the task force meeting to investigate and determine the type of action to be taken against those found guilty, said there were four types of action that could be taken. They are: surcharge under the Financial Procedure Act 1957; disciplinary action under Chapter D of the General Orders Public Officer Regulations (Conduct and Discipline) 1993; civil or criminal action and investigations by police and the Malaysian Anti-Corruption Commission (MACC).

In view of this, police will also be included as member of the task force. The meeting also agreed that all cases highlighted in the A-G's report concerning abuse of power, corruption and public funds mismanagement should be investigated. "The actions taken will be based on clear and strong facts. Officers found blatantly committing the offences shall be punished," Mohd Sidek said in a statement yesterday.

"In this regard, members of the task force should also take into consideration the Prime Minister's reminder that action should not be exercised in cases where an officer made certain decisions in good faith, committing honest and unintentional mistakes or the mistake happening beyond one's control." The task force can also suggest procedures for higher transparency level and the best administration in the Government's financial management. Mohd Sidek said members of the task force would meet every week and plan to complete investigations for all cases by April 2010.

## **Thursday November 5, 2009**

### **Low pay and poor benefits for Johor's KAFA teachers**

JOHOR BARU: Al-Quran and Fardhu Ain (KAFA) teachers in the state are poorly paid, with some earning wages below the poverty line, the Auditor-General's Report 2008 said. The report stated that the allowance received by KAFA teachers statewide was about RM612 for 60 hours of teaching. The poverty income line for those in the peninsula is between RM691 and RM720. The report showed that the KAFA teachers were paid 33% less than their peers from religious schools in the state. The report stated that between 2006 and 2008, the Islamic Development Department (Jakim) had allocated RM42.05mil to be paid as allowance for KAFA teachers and supervisors. A total of 211,947 students between six and 12 years are enrolled in 7,682 KAFA classes in Johor. There are 1,730 KAFA teachers.

The KAFA classes in the state started in 1990 to teach children to read the Al-Quran, write Jawi and practice Islamic teachings. The report also identified other weakness in the implementation of the KAFA programme in Johor including shortage of teachers, lack of funds, no proper guidelines to set up KAFA classes and failure to follow recruitment guidelines for supervisors and KAFA teachers. Other weaknesses include no proper training for teachers, the allowance does not commensurate with the workload, welfare for KAFA teachers not taken care of, poor management of funds and lack of teaching materials. However, the report also stated that despite the weaknesses, students attending the KAFA classes in Johor had a 99% pass rate in their KAFA classes assessment exams (UPKK) annually. The report also stated that based on feedback obtained from parents, a huge majority was in favour of the classes continuing. The report also outlined nine suggestions to be carried out by Jakim and the Religious Education Section of the Johor Religious Department (BPAJAJ) to mitigate the weaknesses. Among the suggestions in the are forming special committees at state, school and class levels to ensure KAFA programmes are properly monitored and implemented.



**Thursday November 5, 2009**

## **Danger still lurks at landslide site**

LOOSE soil on the top of the hill where a landslide occurred on Tuesday at Selayang Heights has yet to be cleared, posing a danger should there be another major downpour. Two Selayang municipal (MPS) councillors A. Gunarajah and Gopalan Krishnan who visited the site yesterday said there was an urgent need to clear the debris not only at the foot of the slope but also at the top of the hill. "It is dangerous as all you need is another downpour and another landslide might occur," said Gunarajah.



**The inevitable: Loose soil on top of the hill is yet to be cleared.**

MPS assistant enforcement officer Paramasivam Chelliah said the area was prone to landslides the past few years due to developments taking shape on top of the hill. He said during an inspection carried out by the council yesterday they found that the drainage at the top of the hill had given way which could have been one of the causes of the landslide. "When the drain gave way, water seeped into the soil and probably contributed to the landslide. There is a need for the relevant authorities such as the Public Works Department and Public Works Institute of Malaysia (Ikram) to monitor the hillslopes closely especially during the wet season," said Paramasivam.



**Ongoing works: The stretch which was affected by the landslide at KM13 of Jalan Ipoh near Templer's Park was opened to motorists from 11pm on Tuesday.**

Meanwhile, Selayang Heights Landslide Ground Commander ASP Mohd Asri Md Akhir said the affected stretch of the Km13 of the Kuala Lumpur-Rawang road was opened to traffic on Tuesday night. Excavators were still clearing the debris at the foot of the hill. Selayang MP William Leong who visited the site said he was upset with the development taking place at the hillslope and called for the state government to take action against the landowners. The landslide that happened at 2.45am on Tuesday at Selayang Heights blocked the road KM 13 Jalan KL-Rawang.

**Friday November 6, 2009**

## **RM6bil Ipoh-Rawang track plan has cost overrun reaching RM1.14bil**

KUALA LUMPUR: The Public Accounts Committee (PAC) is now set to probe the RM6bil Ipoh-Rawang electrification and double track rail project, which has a cost overrun reaching RM1.14bil. PAC chairman Datuk Seri Azmi Khalid said the PAC was in the midst of determining the scope of the probe and shortlisting those who will be called up in the inquiry. He told *The Star* yesterday that the double track railway project, which was highlighted in the Auditor-General's (A-G) 2008 report, was a handful of cases that the PAC would probe. "I will discuss with the Auditor-General to see which case is more urgent to probe. "The Ipoh-Rawang double track railway is one of them due to its cost overrun stretching over RM1bil," he said, adding that the committee would meet soon to discuss details before starting the probe.

The PAC had conducted an inquiry into the Port Klang Free Zone (PKFZ) fiasco and on Wednesday, released its report recommending that former Transport Minister Tan Sri Chan Kong Choy and former Port Klang Authority (PKA) general manager Datin Paduka O.C. Phang be investigated for criminal breach of trust. Asked why the committee planned to probe another project under the Transport Ministry, Azmi said it was not the ministry that was being targeted but big projects which incurred huge losses. "The public is asking questions on losses incurred and we have to do our job," he stressed, adding that the A-G highlighted cases of mismanagement every year and cost overruns but there seemed to be no improvement.

Azmi was reported to have said last week that the PAC wanted to know if there was deliberate negligence or oversights which resulted in the cost overrun of the rail project. PAC deputy chairman Dr Tan Seng Giaw, when contacted, said the Rawang-Ipoh double track project was chosen as it was a huge contract which had resulted in huge losses. "We were promised rail service with a speed of 160km per hour but the speed now is only 80km per hour," he said.

According to the latest audit report, the government may have to bear part of the RM1.14bil loss in the 179km double-tracking rail project as it was poorly managed. The rail project, which was worth RM4.34bil, is the main West Coast line that enables KTM Bhd to run trains between Kuala Lumpur and Ipoh. The infrastructure works component of the project was originally awarded to DRB-Hicom Bhd in 2000 for a value of RM2.58bil. Mitsui of Japan was awarded the electrification and signalling component of the project worth RM1.9bil supported by its principal sub-contractor, Siemens-Balfour Beatty Consortium. The contract between DRB-Hicom and the Government was signed on April 2, 2001.

There were four main subcontractors appointed for the project - namely Emrail Sdn Bhd for trackwork, Perspec Prime (M) Sdn Bhd for civil works, IJM Corp Bhd for the construction of stations and UEM Construction Sdn Bhd for the construction of bridges.

The project however suffered problems which caused numerous delays, resulting in the government terminating the contract with DRB-Hicom and appointing UEM Construction Sdn Bhd, a subsidiary of UEM (M) Bhd, to take over the project from 1 June 2005. At that stage, DRB-HICOM had completed about 88% of the rail project. DRB-Hicom had said that one of the main causes of the delays was a dispute over a variation order and losses and expenses with the government.

Although there were threats of litigation, the matter was submitted for arbitration and was finally settled in May 2006 with the government paying DRB-Hicom a sum of RM425mil. Mitsui had also submitted a claim for compensation for being unable to carry out the electrification part of the project because of the delays to civil works with the government settling on an undisclosed sum in December 2006.

## **Friday November 6, 2009**

### **PAC report shows it is practising transparency, says Ong**

KUALA LUMPUR: The Public Accounts Committee's report against Tan Sri Chan Kong Choy and Datin Paduka O.C. Phang over the Port Klang Free Trade Zone (PKFZ) fiasco shows that the Government is practising transparency and accountability in its governance. Transport Minister and MCA president Datuk Seri Ong Tee Keat said the Government was "walking the talk" when the PAC asked for a probe against the former transport minister and former Port Klang Authority general manager and several others.

"It is not for me to say (if I'm) happy or not but I am glad that when we talk about transparency and accountability, the Government is walking the talk," he told reporters after visiting the Bangsar LRT station here yesterday. Ong said PAC was an independent body entrusted by Parliament and he had given his full cooperation when it was conducting its inquiry. "On my part, I've done the needful. Investigations by the MACC and police are in progress and I can't say much," he said.

Asked if he was satisfied with the PAC report and its recommendations, he said:

"It is not a matter whether I like it or support it or not. From my course of action so far, you should know where my commitment is." In its report on the PKFZ released on Wednesday, the PAC wanted the MACC or police to initiate investigations against Chan and Phang for criminal breach of trust over the project.

The two allegedly breached the Financial Procedures Act by issuing three letters of support and three letters of undertaking for the project without Finance Ministry approval. The MACC was also asked to investigate those involved in acquiring the land to develop PKFZ, as it was against the Government's decision. The PAC also said Phang and the Transport Ministry secretary-general should be investigated for appointing Kuala Dimensi Sdn Bhd as the developer for PKFZ without the Finance Ministry's approval.

**Friday November 6, 2009**

## **PAC flexes its muscles**

**The Public Accounts Committee deserves an “A” for its probe into the PKFZ scandal, although it did not address questions such as how top officials abandoned their duties to serve others, and the links between the players and their interests in the project.**

THE Public Accounts Committee has done a commendable job investigating the Port Klang Free Zone (PKFZ) scandal. Its report recommends that former Transport Minister Tan Sri Chan Kong Choy and former Port Klang Authority (PKA) general manager Datin Paduka O.C. Phang be investigated for alleged criminal breach of trust under the Financial Procedure Act. The two have been accused of issuing three letters of support and three letters of undertaking for the project without the Finance Ministry's greenlight.

Thus, the PAC has asked the police and the Malaysian Anti-Corruption Commission to investigate those involved in buying the land to develop the PKFZ, as the acquisition and the exorbitant price paid for it was contrary to the Government's directive on the matter. In the past, the PAC had not lived up to expectations especially during the times when Barisan Nasional had enjoyed a huge majority in Parliament. But now, the PAC is emboldened by the changed political landscape after last year's polls that saw a large contingent of opposition MPs in Parliament. It is now learning to use its huge powers to investigate financial abuses and excesses in the civil service.

The PKFZ scandal surfaced in 2007 when it became known that Malaysia had suffered huge losses as a result of guarantee letters issued to contractors by public officials entrusted to safeguard public interest. These losses, however, went back nearly a decade earlier with the purchase of the land originally valued at RM3 per sq ft in 1999 but acquired by PKA at an exorbitant price of RM1.807bil, including infrastructure put in place. It began at that time when all the players came together and hatched the scheme that is now saddled with multi-billion ringgit losses. This, and the subsequent unravelling of the script by the main players, were not detailed out in the PAC report.

While the PAC report noted that the appointment of Kuala Dimensi Sdn Bhd (KDSB) as PKFZ developer had not followed procedures, it did not delve further on how and why top officials abdicated their responsibilities to serve others so easily. The report also does not show all the links between the different players, their interest in the project and how millions, if not billions, were lost because of the connections. In fact, the PAC report made no mention of Kuala Dimensi CEO Datuk Seri Tiong King Sing, who as main turnkey contractor, is a central figure in the scandal.

Neither did the PAC report delve into allegations made by PKA chairman Datuk Lee Hwa Beng in police reports that “various parties” had made disputed claims amounting to about RM1.5bil from the project.

Also, the PAC did not track in detail the interest groups and individuals involved in the appointment of KDSB, its role in the project and the huge losses suffered by the public from alleged overbilling, abuses and mismanagement. Nevertheless, this maiden effort by the PAC to stem financial abuses, nail the culprits and keep the government books clean is exhilarating. It has shown its fangs and flexed its muscles.

Such public accounts committees were founded by the British parliament in 1861 to protect the public purse and make the executive accountable. It is a powerful force in other parliaments in the Commonwealth where it acts as a feared watchdog with wide powers and its members coming from varied backgrounds and skills. The PAC, with its PKFZ report, has shown it can bite and protect the public from executive excesses.

## **Friday November 6, 2009**

### **Kong Choy wants to clear his name**

PETALING JAYA: Former transport minister Tan Sri Chan Kong Choy has pledged to return home and clear his name after the Public Accounts Committee (PAC) wants him probed for alleged criminal breach of trust over the Port Klang Free Zone project. "I am currently overseas and will return to the country soon. I hope this brief statement will clarify any unnecessary speculation," he said in a press statement yesterday.

Chan stressed that he was prepared to cooperate with the relevant investigative authorities to provide further clarification and assistance. The PAC in its report released in Parliament on Wednesday, recommended that the Malaysian Anti-Corruption Commission or the police investigate Chan and former Port Klang Authority general manager Datin Paduka O.C. Phang.

Chan was said to have signed three letters of support to get a favourable rating from an agency for the issuance of bonds to raise money for PKFZ developer Kuala Dimensi Sdn Bhd. The PAC report stated that the issuance of bonds was improper as it led to the Government suffering huge losses as the funds acquired under the Government's guarantee were not fully utilised to implement the project. Chan said it was imperative he clarified the matter again although he had briefed the PAC on July 29. "When I assumed the post of transport minister on July 1, 2003, the purchase of the land for PKFZ was completed. "During my tenure as transport minister, I had on several occasions, including parliamentary proceedings, given detailed explanation with regards to the three letters of support issued. "It is utmost unfortunate that this matter has been raised again," he said.

Chan added that he had stated in the July 29 PAC inquiry that the three letters of support he signed were not "guarantee letters". "This is also the opinion given by a senior Malaysian counsel and a renowned Queen's Counsel. "I signed the letters based on my sincere belief that they were in fact letters of support," he said.

**Monday November 9, 2009**

**RM3b unclaimed from A-G Dept**

KOTA BARU: Some RM3bil remain unclaimed from the Accountant-General's Department because the depositors failed to name their beneficiaries before dying. Deputy Finance Minister Senator Datuk Dr Awang Adek Hussin said some of the deceased depositors' next-of-kin or their children did not even know about the money that was left behind.

"Some of the money were left in the Employees Provident Fund (EPF) or in the banks," he told reporters after attending a briefing by state departments and agencies under the Finance Ministry yesterday. — Bernama

**Tuesday November 10, 2009**

**HR Ministry surprised by reported lack of engineers**

KUALA LUMPUR: The Human Resources Ministry said it was puzzled why there was a purported shortage of experienced engineers as there were 18,000 of them registered with its JobsMalaysia portal. "There are already 7,000 new engineers while another 11,000 engineers with enhanced skills have registered with the employment portal," its minister Datuk Dr S. Subramaniam told reporters after attending the Tenaga Nasional Berhad Deepavali open house here on Tuesday.

He said that he had met Penang Chief Minister Lim Guan Eng in Parliament recently to enquire about the [loss of a multibillion-ringgit foreign investment](#) because there were not enough experienced electrical and electronic engineers. He said Lim had told him that he had tried to get the engineers but had failed and had to turn down the investment.

Dr Subramaniam said that certain companies wanted experienced and competent engineers who were also registered with the relevant authorities. "We are willing to help the companies by giving our lists of the engineers registered with us and they can engage them if they meet their requirements," he said.

Dr Subramaniam said there was also a lot of mobility amongst the engineers as many opted to go for overseas stints while others opted to upgrade their skills.



**Tuesday November 10, 2009**

**Parliament - RM231bil to buy back 26 toll highways**

THE Government will have to spend an exorbitant RM231bil if it buys back 26 toll highways in the country, said Minister in the Prime Minister's Department Tan Sri Nor Mohamed Yakcop. In defending the Government's decision to focus on improving the public transport system and infrastructure in rural areas, he said that only 35% of vehicle owners used the highways.

"Do you want the Government to spend RM231bil to buy back toll highways in urban areas for the 35% of vehicle owners?" he said in reply to Tony Pua (DAP – Petaling Jaya Utara) and Chua Tee Yong (BN – Labis).

When Pua said that according to his calculation the North South Expressway and the Lebuhraya Damansara-Puchong cost only RM15bil and RM1.5bil, Nor, who is in charge of the Economic Planning Unit, said the figure also included future incurring costs.

Foreign Minister Datuk Seri Anifah Aman said Prime Minister Datuk Seri Najib Tun Razak had been invited by his Thai counterpart Abhisit Vejjajiva to meet up with southern Thai leaders in December.

Replying to Datuk Ibrahim Ali (Independent - Pasir Mas) on the situation in southern Thailand, he said Malaysia appreciated Abhisit's action.

Earlier, Anifah told Datuk Idris Haron (BN - Tangga Batu) that Malaysia was aware of petty issues straining its good ties with Indonesia and the "third party" involved.