

Wednesday November 11, 2009

Query on waste disposal contractors

Reports by ELAN PERUMMAL and JADE CHAN at the Selangor State Assembly

THE state government was asked to explain why the contracts of 12 solid waste disposal contractors were reinstated just two weeks after their services were terminated. Azmin Ali (PR-Bukit Antarabangsa) - who highlighted the issue, said he was surprised that the contractors were asked to continue with their services even after MPAJ felt that their services were not up to the mark. MPAJ, Azmin said, had admitted that these contractors had failed to offer competent and efficient services. He pointed out that the reinstatement was done after two new contractors had been appointed as replacement. "I want to know who instructed for these contractors to be reinstated," he said.

State Infrastructure Committee chairman Datuk Dr Hasan Ali said their contracts were reinstated due to some technical reasons as stipulated in their contracts. He said the MPAJ was unable to terminate their contracts as it was in accordance to the agreement that existed between the contractors and Alam Flora. Before this, Azmin said the picture painted by Hasan on Alam Flora was not real compared with the Ampang Jaya incident. "The picture painted at the state assembly gives the impression that everything is smooth sailing whereas this is not the case on the ground," he said.

In answering the earlier written question from Saari Sungib (PR- Hulu Klang), Hasan said the state had to be careful in deciding on the privatisation of garbage collection and other services that were being provided by Alam Flora. He said he felt that Alam Flora was doing a good job overall. However, he said he was aware that there had been complaints of inefficient services provided by Alam Flora contractors. "To overcome these problems, there must be good working relations between the various local authorities and Alam Flora. Then such issues will be resolved fast. "Alam Flora should be open to criticism so that their contractors can provide better services to the people," he said.

Wednesday November 11, 2009

FRS 139 and its bearing on transfer pricing

By JANICE WONG



COME Jan 1, the Malaysian Accounting Standards Board's Financial Reporting Standard 139 – Financial Instruments: Recognition and Measurement (FRS 139) will finally be implemented in Malaysia. Four years since its implementation date was set, it is still considered uncharted waters for many corporations. This is not surprising since FRS 139 is considered the “mother” of all standards by some. Under FRS 139, many financial assets and financial liabilities are required to be carried at fair value. This will have a significant impact on loans between related parties, which generally can be interest-free or carry interest rates which are well below the market rates.

The definition of fair value under FRS 139 is “the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction”. Paragraph 48A of FRS 139 further states that “The best evidence of fair value is quoted prices in an active market ... Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available.” Interestingly, it loosely echoes the Organisation for Economic Cooperation and Development's guide for an arm's length interest rate: an arm's length interest rate shall be an interest rate which was charged, or would have been charged, at the time the financial assistance was granted, to uncontrolled transactions with or between independent persons under similar circumstances.”

It could well imply that the measurement of related party loans initially at their respective fair values and subsequently at amortised cost using the effective interest method, may be deemed to be in line with the arm's length principle since market interest rate is used. Following the introduction of Section 140A of the Income Tax Act 1967 (ITA) which basically requires taxpayers to ensure that their related party transactions are carried out at arm's length, would this then mean that an assessment of the fair value of related party loans by the auditors under FRS 139 can serve as contemporaneous documentation for transfer pricing purposes?

The corporate taxpayers do not have an option as to whether to accept the fair value accounting treatment in their financial statements – it is a requirement of FRS 139 and also the Companies Act 1965. Further, requiring corporations to measure related-party loans initially at their respective fair value may not only affect the income statement. However, for certain, the subsequent amortisation amounts, measured at amortised costs, will represent accounting interest income or interest expense in the income statement. Book entries are generally not the actual receipts or payments, and in tax terms are not real costs or income earned.

At this point, it would be helpful to look at what other tax jurisdictions have done under similar circumstances. Hong Kong, Singapore and New Zealand tax authorities have issued departmental interpretation and practice notes on the income tax implications arising from the adoption of IAS 39 or its local equivalent. While in general most tax authorities require the tax treatments to follow or be consistent with the accounting treatment under FRS 139 as far as possible, they also acknowledge that the revenue versus capital consideration would need to be considered in determining the tax treatment.

As an example, in Singapore, the tax adjustment is such that the discount on the interest-free loan recognised in the income statement will not be allowed as a tax deduction and the interest income recorded will not be taxed because these are merely book entries. The auditor's primary role is still that of expressing an opinion as to the true and fair view of the financial statements. This means that corporations would still need to provide auditors with supporting evidence of the fair value of the related-party loans to enable auditors to express an opinion.

The fair value measurement rests on the rebuttable presumption that effective interest rates used in the amortised cost method is the market interest rate and is thus, at arm's length. While this is generally true, loan arrangements made with unrelated parties in the current business environment should be considered as arm's length, although they may not carry the same market interest rates due to various factors such as level of credit risks, tenure, size of collaterals, etc. So, what would corporations provide to the auditors?

Section 140A of the ITA provides that the acquisition or supply of property or services with related parties be conducted at arm's length, failing which the Director General of Inland Revenue may adjust the transfer prices. Since 2003, transfer pricing guidelines have been issued, setting out the extent of information required in a transfer pricing report. The guidelines also stipulate that it is a pre-requisite that a comparable analysis (benchmarking) be carried out to substantiate the arm's length pricing.

To ensure that corporations provide auditors with the correct arm's length and market rate interest for related-party loans in the FRS 139 measurement of fair value, it is very likely that a comparable analysis would need to be carried out. This should then provide the setting not only for the auditors but for the tax authorities in support of the argument for arm's length. Any fair value book entries put through the financial statements should then be met with minimum queries from the tax authorities.

- Janice Wong is tax partner and head of transfer pricing services at Ernst & Young Tax Consultants Sdn Bhd.

Thursday November 12, 2009

Parliament: Nazri confirms MACC probe on rail project

KUALA LUMPUR: Minister in the Prime Minister's Department Datuk Seri Nazri Aziz confirmed that the Malaysian Anti-Corruption Commission (MACC) is launching a probe on the RM6bil Ipoh-Rawang electrification and double-track rail project, which had incurred a cost overrun reaching RM1.14bil. "The MACC has informed me that they will investigate the case based on the Public Accounts Committee (PAC) inquiry on the matter. "There is no dispute between the PAC and the MACC's investigations on this," he told reporters at the Parliament lobby Thursday.

PAC chairman Datuk Seri Azmi Khalid had said that the PAC was in the midst of determining the scope of the probe and shortlisting those who would be called up for the inquiry. According to the latest Auditor-General's 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.

Thursday November 12, 2009

PAAB values Selangor water assets at RM9bil

By YEOW POOI LING

PETALING JAYA: Due diligence conducted by Pengurusan Aset Air Bhd (PAAB) is believed to have valued Selangor's water and related assets at some RM9bil, which is much lower than the state government's demand for RM11bil. An industry source said the due diligence process estimated the water assets, including liabilities, at RM9bil. "It's puzzling how the state government got that RM11bil figure," he told *StarBiz*. It was reported recently that the state had asked for RM11bil for the valuation of the water assets after it gave up on plans to consolidate the water assets before the takeover by PAAB. An analyst with a local brokerage said the state government's asking price could also include pipelines and reservoirs, which were mostly owned by the state. "The state government owns more than 20 of the treatment plants in Selangor and PAAB would still need to pay for the assets, although the base value used by each party is very subjective," he said.

Meanwhile, Puncak Niaga Holdings Bhd was unlikely to accept any offer that was lower than RM1.9bil and RM3.4bil for the respective assets owned by subsidiary Puncak Niaga (M) Sdn Bhd and 70%-owned Syarikat Bekalan Air Selangor (Syabas), the analyst said. OSK Investment Bank, in a report, said it was uncertain how the assets' price tag was determined. "Recall previously that the state government had adopted a 'capitalised value' valuation to determine the asset pricing of the private concessionaires' water assets in its first offer while the net book value valuation was used in the third offer," it said.

OSK said a more “representative” pricing should arise in the coming months from the due diligence, which was expected to be completed earliest by the end of this month, or early next year at the latest. “PAAB should directly intervene in the consolidation process, given its strong financial backing as well as its ability to procure bonds at lower interest rates,” it added. Another brokerage report said the state government was likely to try to secure distribution rights in a bid to be involved in the negotiations between PAAB and the concessionaires. “Water is recognised as the joint responsibility of the federal and state governments in the Constitution. “Hence the state would have the right to take part in any negotiation but the final decision is likely to be with PAAB and the Federal Government,” it said.

Friday November 13, 2009

MACC probe on rail project is on, says Nazri

AT THE DEWAN RAKYAT

Reports by LEE YUK PENG, ZULKUFLI ABD RAHMAN AND JOSHUA FOONG

MINISTER in the Prime Minister’s Department Datuk Seri Nazri’s Aziz has confirmed that the Malay-sian Anti-Corruption Commission (MACC) is launching a probe on the Ipoh-Rawang electrification and double-tracking rail project, which registered a cost overrun of RM1.14bil. “The MACC has informed me that they will investigate the case based on the Public Accounts Committee inquiry on the matter,” he said at Parliament lobby yesterday. The latest Auditor-General’s report stated that the Government might have to bear part of the RM1.14bil loss. Meanwhile, the Kelantan PAS Youth handed over a memorandum on oil royalty to Nazri yesterday.

This followed Prime Minister Datuk Seri Najib Tun Razak’s announcement on Nov 4 that the Federal Government would issue compassionate payment (*wang ehsan*) to Kelantan for oil extracted off its waters. State Youth chief Abdul Latif Abdul Rahman said the memorandum demanded that royalty payments be made in accordance with the Petroleum Development Act. “We are also demanding that Najib apologises to the people of Kelantan for denying their right to oil royalty,” he said.

Friday November 13, 2009

S’gor Assembly: Reforestation projects brought in little revenue

SHAH ALAM: Reforestation projects, touted to bring in RM800mil in revenue by the former Selangor government in 20 years through land taxation, premium, royalty and logging, did not even contribute RM1mil to the state coffers, said Selangor Mentri Besar Tan Sri Khalid Ibrahim. The Selangor government revealed another set of “secret” documents - this time involving reforestation projects said to have resulted in losses amounting to hundreds of millions of ringgit.

“The Story Behind the Reforestation for Commercial in Selangor: A Reveal by the Selangor Pakatan Rakyat” is the second set of documents that was declassified by the Mentri Besar in accordance with Section 2c of the Official Secrets Act (OSA). It can be obtained from Selangor Agricultural Development Corporation (PKPS) office and Mentri Besar office from Nov 20 as well as the Selangor government portal from Friday. The release of the first documents - “Green Revolution Plan and Bandar Alam Perdana: Lost Lands and Houses” - was announced on Wednesday.

On Friday, Mentri Besar Tan Sri Khalid Ibrahim said reforestation projects involved a total of 10,000ha of lands in Bukit Tarek in Hulu Langat and Rantau Panjang in Hulu Selangor district, from year 2001 to 2007. He said the former Mentri Besar Datuk Seri Dr Khir Toyo had said in 2001 that PKPS was expected to get RM800mil in revenue from the projects in 20 years through land taxation, premium and royalty as well as income from logging. “Now, there is not even millions from the projects,” he a press conference outside the House Friday.

Khalid said the documents also included the reforestation projects on the Sungai Jeloh and Bukit Belata forest reserve with a total of 900ha of lands. He said a list of companies involving in all the four projects would be attached with the documents. The public could find out what had happened, who got the projects and how the Selangor government earned from the projects from the documents, he added. Khalid also said the state government made “interesting findings” through its study. Citing an example, he said a 30-year-old man from Malacca, who was no expert in rubber plantation, was allocated a piece of land to develop into a rubber plantation. “It is an acquisition (of land) of a Selangor asset by a Malaccan,” he said, adding that the man was a young man born in 1980.

Khalid said there were cases where the state government had bought rubber plant seedlings worth RM2 for RM25. “The state government did not earn from logging and had to pay high price for rubber (seedlings on top of that). What kind business is this?” he asked. When asked if the state government would take action against those who were responsible, Khalid said the state would discuss it later and it would be up to the rakyat if they wanted the state government to do so.

On another matter, Khalid reiterated that the state government had limited resources to fulfill the demands of all the assemblymen in state with an annual budget of RM1.3bil. Compared with RM200bil budget that the Federal Government had, the state was far away from achieving many developments, he said. “I wish I can give for all developments in the state, but the amount of money that we have is not as much as our needs. “With RM1.3bil, I have to ride on bicycle not Rolls-Royce,” he told a press conference at the House lobby. Khalid said this when asked to comment about the DAP Kota Alam Shah assemblyman M. Manoharan describing Pakatan Rakyat-led Selangor as no different than the previous BN-run government during the assembly sitting on Thursday.

Khalid said it was the issue of high expectation on a government going through reformation. Manoharan who had struggled hard and had been detained under ISA also had very high expectation, he said, adding that Manoharan could instead argue with him on how to best use the RM1.3bil. "We may want all the things, but we can only give what we can deliver, if we are indebted, we will suffer later," he added.

Saturday November 14, 2009

Wall outside State Secretariat collapses

IPOH: Part of a retaining wall at the State Secretariat building here collapsed following days of heavy rainfall. The 21m-long wall in front of Jalan Istana crumbled at about 9pm on Thursday. It is believed that water from a drain in the compound had washed away the earth underneath the wall causing it to give way.



Removing debris: An excavator cleaning up fallen portions of the retaining wall at the Perak State Secretariat building in Ipoh yesterday. — ZABIDI TUSIN / The Star

Datuk Bandar Datuk Roshidi Hashim, who visited the site, said damage was estimated at between RM8,000 and RM10,000. Repairs are now under way. Hours earlier, part of a road kerb along Laluan Lapangan 3 in Taman Sri Perkasa also gave way, creating a 2.5m-deep crater. Hawker Lim Ah Lek, 66, said it had been raining heavily shortly before the incident. "The rain fell for about half an hour but it was so heavy that the water level in front of my house rose to about 15cm," he said.

Lim said he saw the gaping hole as he was leaving his house at about 7pm. "There is heavy traffic on this road as it is a main road. Many schoolbuses use the road. "We are afraid that the road will collapse." Resident Lee Geok Hoon, 45, said she feared for her life. "I use this road four times a day," she said. Ipoh City Councillor Kok Pak Foo gave his assurance that the council would repair the road kerb immediately. He visited the site with Gopeng MCA division chief Albert Chang and his deputy Alex Chan.

Saturday November 14, 2009

Gong Badak stadium contractor must repair collapsed roof

KUALA TERENGGANU: The government has decided that the contractor of the Sultan Mizan Zainal Abidin Stadium in Gong Badak is responsible for the repair of the roof that collapsed last June. Youth and Sports Minister Datuk Ahmad Shabery Cheek said the contractor would have to bear the cost of the repair because the stadium was still under warranty. "The investigation papers on the roof collapsed were tabled at the post-cabinet meeting last Nov 6 and the cabinet ordered the contractor to repair the stadium," he told reporters after closing a youth convention here Saturday.

He declined to furnish details on the repair work, including the cost, saying that the matter was under the jurisdiction of the Public Works Department. "Our hope is that the repair work can start soon so that the stadium can be used again for the development of sports in the state." In the June 2 incident, 60 percent of the roof at the stadium, built at a cost of almost RM300mil and opened in May last year for the 12th Malaysia Games (Sukma), collapsed. This included the roof above the royal box at the grand stand. However, no one was hurt.

Monday November 16, 2009

Ong: Train purchase was approved

KUALA LUMPUR: Transport Minister Datuk Seri Ong Tee Keat has confirmed that the purchase of four used diesel multiple units (DMUs) by KTM Bhd to overcome train shortage had been approved by the Finance Ministry. He said the trains were bought as part of the stimulus package and that claims that the DMU trains bought by KTM were more expensive than the units bought by Costa Rica were not true. Ong said this to reporters after attending the 103rd anniversary of SMK Confucian here yesterday. He was commenting on last Friday's media reports that KTMB and the Transport Ministry had went ahead and bought the DMUs despite the purchase being rejected three times previously by the company's board.

The ministry, in a statement later, denied claims that the purchase was not agreed upon by the board. It said the board in its last meeting on the matter had actually left the decision to buy the trains to the ministry. "It must be stressed that the decision to buy the DMUs was made to solve the critical problems in the KTM Komuter services at that time. The move is also in line with the Government's efforts to improve the quality of public transportation," it said. The ministry said that among the proposed measures to supplement the shortage of trains was to buy new electric multiple units (EMUs), but the purchase time would take at least 24 months. "Upgrading the existing EMUs would also take a long time, between eight to 12 months depending on the unit's condition," it said, adding that the DMU's speed of 80kph was the same as the average speed of existing EMUs.

Tuesday November 17, 2009

MACC wraps up its study

PUTRAJAYA: The special team set up by Malaysian Anti-Corruption Commission (MACC) to study and identify loopholes in the procedures on allocations for elected representatives have completed their work. Its deputy commissioner Datuk Abu Kassim Mohammed said the team would table its findings to the MACC's Consultation and Prevention Panel on Nov 24. "We will let the panel view our findings and throw suggestions and fine tune the study before presenting it to the relevant authorities. "At the same time, the MACC has asked its state directors to brief elected representatives on how to manage their allocation and the right procedures to prevent abuse or misuse. "Some may not know that doing things in a certain way is wrong," he told reporters at a briefing yesterday.

Abu Kassim said the anti-graft body would then point out to the Government the existing loopholes and recommend measures to "close the door" to possibilities of abuse and misuse of allocation. However, he refused to divulge details on the loopholes found or the recommendations. The team had been set up in the wake of recent prosecutions of assemblymen and MPs over the misuse of their allocations. Recently, the MACC took six people to court on multiple counts of graft, including making false claims. Abu Kassim said MACC's consultation and prevention division had also made recommendation to certain ministries and agencies, particularly those highlighted in previous Auditor-General's reports, on how to improve its services and increase efficiency.

This included asking the relevant authorities to set up a committee for hygiene, health and safety of school canteens following food poisoning cases and for Institute Kemahiran Belia Negara to have clear long-term planning so that any equipment purchased were fully utilised. This suggestion was made as the commission found that some of the equipment purchased by IKBN were left idle as "no one has any idea how to use it", added Abu Kassim. On Kelantan Mentri Besar Datuk Nik Aziz Nik Mat's fully-sponsored pilgrimage trip, Abu Kassim refused to "confirm or deny" if it had initiated any investigation. Nik Aziz had, last Friday, announced that he would not go for the RM65,000-sponsored two-week trip following criticism that such a trip would be highly inappropriate.

Tuesday November 17, 2009

A-G's report on state forest management to be amended

KUCHING: The National Audit Department has agreed to amend the 2008 Auditor-General's Report in relation to Sarawak's forest management. Second Minister of Planning and Resource Management Datuk Awang Tengah Ali Hasan said the report, which cited Sarawak for poor forest management, did not reflect the real situation in the state. "The report was based on inaccurate information and was not a reflection of our sustainable forest management. "Feedback from the State Forestry Department was also not taken into account," he told the Sarawak state assembly when winding up ministry matters yesterday.

The department, in a letter dated Oct 29, he said had agreed to take into consideration the Forestry Department's feedback and make the necessary amendments to the report. "This will provide a more balanced and accurate perspective besides giving due recognition to our forest management." Awang Tengah also said the state government emphasised on sustainable management of natural resources, including conservation and protection of forests, flora and fauna. He said the state government targeted six million hectares of Sarawak's 12.4-million-hectare land to remain as permanent forest estate while one million hectares were targeted as totally protected areas.

Tuesday November 17, 2009

Letter - Punish the wrongdoers in A-G's report

NO doubt the Auditor-General's Report has got tongues wagging again throughout the country. The report is littered with examples of mismanagement, malpractices and at times blatant corruption. The Deputy Prime Minister has said that he will ensure that the wrongdoers return every ringgit that has been siphoned off come what may. While we welcome this, it is at the same time disappointing that the Government's response to the report is inadequate. Reinstating the losses is only half the story. If a bank robber is caught, is it sufficient that we ask him to return the loot for his freedom? The more important half is the punishment for the criminal activity. If we were to close an eye to the misappropriation of funds we would, in reality, be condoning corrupt practices.

The surprising part of the A-G's Report is that it is boring to read. It seems to be a repetition of catalogues of mismanagement year in and year out. And our response seems to be stereotyped year in and year out. When are we going to say enough is enough and put an end to all these shenanigans? Our standing in the International Corruption Index is pretty dismal, and our foreign direct investments are at a low ebb. Foreigners are business people and they naturally are very concerned about where they put their money. If a country is seen to be in a quagmire of mismanagement, they would shy away. We have always maintained that the rule of law is the cornerstone of our democracy. We must now walk the talk. We must not only get the courts to retrieve our losses but also see to it that they are tried to the full extent of the law.

DR A SOORIAN, Seremban.

Tuesday November 17, 2009

Construction of Penang Sentral to start next year

CONSTRUCTION work on the RM2bil Penang Sentral project in Butterworth is expected to kick off next year. Malaysian Resources Corp Bhd (MRCB) executive director Datuk Zaki Zahid said land acquisition, which was progressing smoothly, would take some time to be completed. He said MRCB and Pelaburan Hartanah Bumiputera Berhad (PHBB) were discussing matters with the land stakeholders which included the state and Federal Governments and also Penang Port Sdn Bhd. "The project will kick off with the construction of an integrated transport terminal," he said.

"We are in discussion with the Transport Ministry and the Economic Planning Unit through the Northern Corridor Authority to obtain the funds," he told reporters after presenting uniforms, bags and school items to 300 students from three schools in Penang. He added that the three schools were adopted by MRCB under the Pintar programme. He said the first phase of the Penang Sentral project costing RM300mil involving the building of bus and taxi terminals along with retail outlets was expected to be completed by 2011. The subsequent phases of the projects will be developed by MRCB and other investors, with the whole project expected to be completed by 2015.

Wednesday November 18, 2009

Parliament : Abdul Rahim: New LCCT will be ready on time

Reports by LEE YUK PENG, ZULKIFLI ABD RAHMAN and TEH ENG HOCK

THE new low-cost carrier terminal (LCCT) in Sepang will be ready on time although the project is currently behind schedule, said Deputy Transport Minister Datuk Abdul Rahim Bakri. The project, he said, had now been delayed by 18 days. "Right now, we are at the design stage. The project status is supposed to be 15.5% now, but actually it is at 13.5%," he said in response to a supplementary question from Datuk Tajuddin Abdul Rahman (BN - Pasir Salak).

Abdul Rahim said the new RM2bil LCCT project was scheduled for completion by the end of 2011 with a capacity of 30 million passengers. "AirAsia passengers are expected to breach the 15 million mark by 2015," he said, adding that the new terminal included the development of the runway, parking bays, terminal, control tower, fire station and related facilities like hotel, retail shops and food and beverage outlets. The project would also link the main KL International Airport terminal to the new LCCT via a 2km extension of the Express Rail Link, he added. The current LCCT has breached its initial capacity of handling 10 million passengers.

Wednesday November 18, 2009

Gag order on Bukit Antarabangsa landslide report

By JAYAGANDI JAYARAJ

THE federal government's gag order on Bukit Antarabangsa landslide report by the Public Works Department (JKR) has aroused suspicion and is causing discomfort among those affected by the incident on Dec 6 last year. The residents feel the Government should reveal the report's content to the people as those who were directly affected by the incident that killed five have the right to know the cause. Victim Lian Warn Jien, 61, questioned the need to keep the report confidential if the Government had nothing to hide from the people. He said the report would at least give the residents an idea on the cause of the landslide. "Residents can also know about the slopes better. "By not revealing the report, we don't know what to expect and where to go from here on the matter. "The government cannot ignore us on this issue," he said recently.

He said the residents had invested in property in the area and the landslide had caused each home more than RM1mil in damage. Meanwhile, some residents also argued that the report was crucial in making insurance claims for their damaged properties. Another victim, Ungku Farid Abd Rahman, said the JKR report was promised to be revealed to the people three months after the landslide. He said the report was also important as it would enlighten residents on the status of the hilly area. He added that although the Government did not want to reveal the report, those affected wanted proper compensation for the losses incurred. "Of course nothing can replace lost lives but we want to go on with our lives and to do this, we need to know what the report says," he said.

Thursday November 19, 2009

MB: PKNS will incur losses by completing Bukit Botak

THE Selangor Development Corporation (PKNS) will incur losses amounting to RM136.4mil by completing the controversy-ridden Bukit Botak project in Selayang, according to a statement from the Selangor Mentri Besar's office. PKNS, which was asked to take over the development from Bukit Botak's initial developer Delpuri Corporation Sdn Bhd in 2005 by the state government, had already sustained losses up to RM48mil since it moved into the area in 2007. According to a declassified file on Bukit Botak released by the state, the amount was spent on contractors, professional fee, rental subsidies, compensation and other expenses in its bid to develop the 81ha of land. It stated that former Mentri Besar Datuk Seri Dr Khir Toyo had ordered PKNS to build 1,367 units of semi-detached houses in the area after Delpuri had failed to complete, partially or fully, the project.



Plenty of questions: A filepic of an overall view of the 82 houses that have been completed in Bukit Botak.

Delpuri which was only a two-month-old company then was awarded the contract to build the 1,367 houses in 1996 under the former Mentri Besar Tan Sri Abu Hassan Omar. The finding also revealed that a former Hulu Selangor District Officer and three others, among them were those who had no experience in housing development, were the directors of the company. Delpuri was also required to pay RM300 as monthly rental subsidy for each of the families until their homes were completed. The state also approved the allocation of land titles to the squatters in the same year. In 2001, the settlers had been requested to pay RM1,000 to Delpuri before a total of 1,371 land titles were issued between 2003 and 2005.

From the list, 1,002 had obtained their titles while 365 titles had not been released so far. The contract of Delpuri was terminated before PKNS were ordered to take over the project. Ironically, PKNS had also hired the services of Delpuri among two other contractors to implement the development project and the company was awarded the contract to build 592 homes. The Bukit Botak settlement issue started way back in 1985. Initially, the state had also spent RM17mil on providing infra-structure development including water and electricity supply to the area. Under the current Mentri Besar Tan Sri Khalid Ibrahim, the state has formed a committee led by state housing, building management and squatters chairman Iskandar Abdul Samad to resolve the issue.

Thursday November 19, 2009

Water Supply Dept issues being discussed

KUANTAN: The Pahang State Legislative Assembly was told on Monday that the state government had agreed to corporatise the Pahang Water Supply Department (JBA) pending finalisation of certain issues. State Housing, Basic Utilities and Transport Committee chairman Mohd Soffi Tan Sri Abdul Razak said there were some issues and corporatisation terms that needed to be discussed with the Federal Government. "The discussion will involve issues like the management and financial control of the corporatised JBA, which is to be known as Pengurusan Air Pahang Berhad.

“Besides, there are several other issues concerning the state’s claims over water catchment grants from the Federal Government that need to be discussed,” he said in reply to Datuk Pang Tsu Ming (BN — Semambu), who wanted to know the latest developments in the corporatisation of water supply in Pahang. Mohd Soffi said the discussion was vital to ensure that the people of Pahang enjoy high-quality water supply. On Norolazali Sulaiman’s (BN — Guai) supplementary question on water tariffs, Mohd Soffi said the state would ensure the tariffs were not increased after the corporatisation of JBA. “The corporatisation is expected to take place next year pending the discussions,” he said.

To another question from Chang Hong Seng (BN - Teruntum), Mohd Soffi said the state had requested that its RM67.4mil loan for maintaining water supply be borne by the Federal Government. On housing, Mohd Soffi said the state was planning to tighten conditions on transfer of house ownership to prevent People Housing Project (PPR) recipients from selling their units. One of the plans was to extend the ownership period from five to 10 years. “PPR house owners can now sell their units after five years of occupation,” he said in reply to Wan Salman Wan Ismail (BN — Jengka). — Bernama.