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KELANTAN MUST PAY FOR PERGAU LOSS, SAYS PM

Mahathir - Pergau

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KUALA LUMPUR, Feb 4 (Bernama) -- Prime Minister Datuk Seri, Dr. Mahathir Mohamad said today the Kelantan government would have to bear the cost of any financial loss incurred by the company engaged to build the Pergau hydro electric dam project in Jeli.

He was responding to questions from reporters on the problems with the state government over the project, when met at the Gerakan Chinese New Year +open house+ here.

The state government had reportedly prevented heavy machinery from entering the project area.

It has also reportedly disallowed the company, Kerjaya Balfour Beatty Cementation Berhad (KBBC), from using a piece of land near km9 of the East-West Highway to facilitate the construction of a diversion tunnel.

In KUALA KRAI, Parti Semangat 46 president Tengku Razaleigh Hamzah said the project might stall if the federal government was reluctant to hold negotiations with the state government. -- more

▼04/02/17-44MST

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Mahathir - Pergau 2 (last) Kuala Lumpur

He said this did not mean that the state government did not agree with the project but the federal government should adhere to certain conditions,

These included paying to the state government \$9 million a year from the revenue estimated to be \$170 million Annually once the project went into operation, he said when addressing a one-day civics course for Semangat 46 members in Kampung Sungai Rek.

Tengku Razaleigh said the state government needed the payments to overcome its financial problem, including paying salaries, providing fertiliser subsidies and building infrastructure facilities. -- Bernama

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