

U GE 15-07 00183 EG942

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DAM WORK TO PROCEED ONLY IF NO DISRUPTION, SAYS PM

Mahathir - Pergau

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KUALA TERENGGANU, July 15<sup>9</sup> (Bernama) -- The Prime Minister today said construction of the Pergau hydro-electric project will only resume if the Kelantan government can assure the federal government that it will stop disrupting work there.

Datuk Seri Dr Mahathir Mohamad said although the Kelantan government had removed the barricades in Pergau the Cabinet felt that the project should not be resumed if there was no such assurance.

+The Cabinet has decided that only maintenance work such as pumping out of water to prevent landslides will proceed.

+Other works will be discontinued until we get an undertaking from the Kelantan government that there will be no more of such actions,+ he told reporters after chairing a Cabinet meeting at Wisma Darul Iman here.

Finance Minister Datuk Seri Anwar Ibrahim, Education Minister Datuk Amar Dr Sulaiman Daud and Terengganu Menteri Besar Tan Sri Haji Wan Mokhtar Ahmad were also present at the news conference.-- more

▼15/07/15-23MST

CNS9003

U GE 15-07 00152 EG943

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Mahathir - Pergau 2 Kuala Terengganu

The Prime Minister said although the Kelantan government has a month to give the assurance in an agreement, the federal government has asked it to expedite talks on the project.

Since July 4, the PAS-led Kelantan government had obstructed work on the \$1.3 billion project in Jeli by blocking four main routes to the site because it claimed the project agreement had yet to be signed.

The state government had reportedly also asked for a \$90 million compensation.

However the state executive council lifted the blockades following talks between the state government and a Tenaga Nasional team led by its chairman Tan Sri Ani Arope yesterday.

Anwar told the news conference that the federal government was prepared to face whatever risks and problems in bringing about a settlement to the issue.-- more

▼15/07/15-51MST

CNS9013

U GE 15-07 00137 EG944

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Mahathir - Pergau 3 Kuala Terengganu

+The government is not ruling out all possibilities, including relocating the project elsewhere,+ he said.

Anwar said the federal government had agreed to compensate the Kelantan government \$117 million over 35 years.

It had rejected the Kelantan government's demand for a \$90-million compensation and payment of \$330 million over 50 years.

+We only agree to pay \$117 million which we think is reasonable and we have obviously taken into account the rate for 1992 and beyond,+ he said.

Anwar said the federal government would ensure that the Kelantan government would pay for part of the losses incurred since it had caused the problems.

This is one of the conditions for the resumption of the project.-- more

▼15/07/16-12MST

CNS9038

U GE 15-07 00142 EG945

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Mahathir - Pergau 4 Kuala Terengganu

The Prime Minister said the federal government was prepared to shelve the project as it had so far spent \$400 million on it.

He said if another \$600 million or \$700 million were to be spent on the project and then new problems cropped up, the federal government's commitment would become very substantial.

By then it would not have any flexibility to carry on with the project, he said.

+This will be a pressure on us and since we can't afford any more work stoppages, that's why we want to settle it once and for all,+ he said.

Dr Mahathir said the Kelantan government must give the undertaking that it would stop disrupting the project and would resolve problems through negotiations.-- more

▼15/07/16-31MST

CNS9059

U GE 15-07 00111 EG946

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Mahathir - Pergau 5 (last) Kuala Terengganu

Tenaga Nasional had been directed to inform the company building the dam to enter the site for purposes of guarding, supervision and maintenance.

Anwar hoped to finalise talks on the issue at the next Tenaga Nasional board meeting on July 23 or + if possible to expedite them to protect public interests.+

Following work disruption by the Kelantan government, the project's main contractor, Kerjaya Belfour Beatty Cementation (KBBC), had reportedly sent out retrenchment notice to 500 of its workers.

Another 1,500 workers employed by sub-contractors also suffered the same fate.-- Bernama

▼15/07/16-50MST