

21/11/1997

(Q: How will the ... )

Q: How will the (Bakun) takeover be carried out? Will the Minister of Finance Inc be paying any money to Ekran?

A: The terms of settlement are being negotiated. We are going to be very tough to protect the interests of the public and Government. We will of course have to look at the details, how much has been spent. We will have our own accounting before this can be determined.

The Treasury will do this due diligent exercise and the EPU (Economic Planning Unit) will look at the agreement and negotiate with Ekran Bhd. I don't think we will in any way concede easily to the demands but have to be subjected to the rigours of due diligent and agreement exercise before any detailed settlement can be made.

But what we are concerned (about) is that the project has been deferred. We have no option but to take over because we cannot sacrifice the safety and stop midway some of the critical components of the project ... the river diversion tunnel has to be dealt with. If left idle, we will have a problem. The contractor has to be paid, and we don't believe Ekran should continue in the light of their notice to the Government that they are no longer interested because the Government has decided to defer and their entire projection has gone haywire.

Q: (Was) the request made by Ekran or the Government?

A: Ekran has asked that the Government make a clear stand on this issue and to allow them to proceed, and we said no. And we are of course also not satisfied in the way things are being done now, precisely because there are not much certainties ... and Ekran has lost interest because their initial projection and speed of implementation of the project has been adversely affected.

Q: But at the (Ekran Bhd) AGM, Ting (Pek Khiing, Ekran chairman) indicated that the project will go on and was just waiting for the clearance from you and Dr Mahathir.

A: He was told after the AGM. To be fair, he was not informed before that. He was still appealing to the government to allow him to continue based on his initial implementation plan. The Government stood firm on its decision to defer the project and therefore has agreed that they be taken out.

Q: But you said earlier that Ekran was no longer interested...

A: But they are no longer interested if we continue to defer. They are interested if we say go ahead now. We have decided to defer, they say they are not interested because there is no certainty.

Q: Will the river diversion tunnel be completed in March as scheduled?

A: (Work on) the tunnel is in progress. We can't stop in midstream. It will affect the area, the environment and of course it will cause major loss to the Government if nothing is being done.

Q: When the tunnel is completed in March, will the project be continued ?

A: We have decided to defer, for as long as possible. But for now, we will have to complete the on-going components. We can't just dig the tunnel and then leave it hanging like that. Otherwise, if it is not maintained, the project deep inside the jungle will be gone. We will have to make sure the security of the area and the properties there are well protected because now we don't want to proceed with it, and Ekran is in no position to handle this.

Q: How much has been spent to date?

A: That will be looked into in the due diligent (exercise).

Q: How different is the Government taking over the project from a bail-out?

A: Absolutely not true because our concern is only the Bakun project. Ekran stable of companies is an Ekran problem and will have to be dealt separately by the company. Our interest is solely to protect the project as the Government does not want all investments for the Bakun project to go to waste.

It is certainly not a bail-out and I want to make it very, very clear here that our involvement is solely in the disbursement of funds for the purpose of the project. Whatever (has been) incurred by the company outside the project has virtually nothing to do with the Government and we are not in the position nor is prepared to consider any appeals outside the disbursement already made for the project.

Q: Any form of compensation to Ekran after deduction for timber revenue of logs felled in the area?

A: It is a standard due diligent. I am not in a position to say much more for now. Of course the entire income, expenditure, the accounting procedures whether they can be ascertained as correct or not, this will have to be done.

Q: Are you going to depend on IPPs (Independent Power Producers) now and how long is the deferment? Any time-frame?

A: The fact that we have taken this decision means it will take a longer time. It will be certainly a lot longer. On energy requirement, this has been considered and dealt with by the relevant authorities. We have to deal with it.

Q: Does it mean we are going to depend more on the IPPs?

A: We are looking at the overall requirement. I have great confidence in Tenaga Nasional to take up the major burden.

Q: Has Bakun been abandoned?

A: It cannot be abandoned. The river diversion tunnel is already there ... all our previous announcements have been deferment.

Q: How about the resettlement?

A: They will have to be resettled because the area is certainly not fit to stay, at least part of the area when the river diversion tunnel is already completed. You can't wait until March when the tunnel is completed. Please have some confidence in the Government.

(END)