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Telekom probe to get priority (HL)

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KUALA LUMPUR, Sat. - The investigation into an allegation of impropriety in the award of a contract by Telekom Malaysia Bhd to Swedish multinational Ericsson has been classified as "urgent", Deputy Prime Minister Datuk Seri Anwar Ibrahim said today.

Anwar, who is also Finance Minister, said Telekom and the contracts division in the Treasury had been instructed to expedite the investigation and submit a report as soon as possible.

"I have asked for it (investigation) to be speeded up.

"It's not necessary to take too much time because all the records are still there.

"I have classified it as an urgent matter," he told reporters after performing the ground-breaking for the redevelopment of Wisma AIA.

Anwar said the contract was awarded between 1992 and 1993.

On Wednesday, Anwar had said the Government had directed that an investigation be conducted into the alleged discrepancies in the award of a contract by Telekom to Ericsson for the supply of telecommunications equipment.

He had said the Government had received preliminary information from "a reliable source" two weeks ago about the alleged discrepancies.

He had said he had briefed Prime Minister Datuk Seri Dr Mahathir Mohamad before he left for the United States on Sunday and in their discussions it was decided that if there was any abuse or mismanagement (in the award), punitive action would be taken.

Yesterday, Dr Mahathir had said in California that he had been briefed by Anwar on the matter. He had said it should be investigated.

Anwar said he was unsure whether all procedures pertaining to the tender proposal had been complied with.

"I cannot vouch that all procedures were respected."

He said the investigation would be comprehensive and would cover all parties, including the tender, technical and financial committees.

He said the procedures stipulated that all tenders must be decided by the Tender Board before it was approved by the ministry.

Anwar was also asked to comment on a statement by Works Minister Datuk Seri S. Samy Vellu last night that only the Finance Minister had the power to deal with tenders involving private entities.

Samy Vellu, who has not been implicated in the case, said on his return from London that he was not involved in the alleged discrepancies surrounding the award of the contract.

However, the alleged discrepancies were believed to have taken place when Samy Vellu was the Energy, Telecommunications and Posts Minister.

According to Samy Vellu, Ministers had no say whatsoever in any tender process involving privatised entities of their respective ministries, regardless of the value of the contract.

Anwar, however, begged to differ.

"Yes and no. We have to investigate. Datuk Samy was too quick to make a decision.

"I have asked for the investigation to be carried out but did not make any reference to any individual.

"If the procedures had been fixed accordingly and complied with, we do not have to worry. But I cannot be sure whether these procedures had been followed. We have to check."

Asked whether the preliminary report had alleged any wrongdoing by a Minister or senior Telekom officials, Anwar said:

"There were references but no specific allegation. I have not seen the detailed report."

Anwar said although the Government was not unduly concerned about the allegation, it was committed to investigating them.

"We should be transparent. Whatever the report, we should take it up.

"This will give a clear lesson to all parties that they should not take tender exercises lightly. Even if the tenders were passed many years ago, we can still dig it up."

Pressed further on whether the contract was related to Perwira Ericsson's successful bid in 1992 to supply digital exchanges with the capacity for 800,000 lines to Telekom for RM414 million, Anwar said:

"There's no detailed reference to any specific tender but it is between 1992 and 1993."

The Perwira Ericsson deal was part of Telekom's RM2.07 billion contract for telephone exchanges over five years.

Rather than award the contract to one company, the Finance Ministry directed that it be divided equally among five companies. Perwira Ericsson was one of the five.

The others were KUB-Fujitsu Telecommunications, Sapura Holdings (which formed Sapura-Nokia Telecommunications), Alcatel (which formed Alcatel Network Systems) and Pernec Group (formerly Pernas-NEC Telecommunications).

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