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Telekom promises full probe (HL)

Vijayan Menon

KUALA LUMPUR, Thurs. - Telekom Malaysia Bhd today promised a thorough investigation into alleged discrepancies in the award of a contract to Swedish multinational Ericsson for the supply of equipment.

In a statement faxed to the New Straits Times, its chief executive, Datuk Mohamed Said Mohamed Ali, said he had been briefed on the matter by Deputy Prime Minister Datuk Seri Anwar Ibrahim before he left for the United States.

Mohamed Said, who is part of Prime Minister Datuk Seri Dr Mahathir Mohamad's delegation which is in the United States to promote the Multimedia Super Corridor, issued the statement through Telekom Malaysia's Corporate Communications Department.

"Immediately on being alerted by the Deputy Prime Minister, Telekom Malaysia has taken action to make a thorough inquiry into these allegations.

"We cannot as yet give a specific time frame for the report since we do not at this stage have sufficient facts on the matter but it is a top priority for Telekom Malaysia to resolve this issue as soon as we can.

"This is a serious allegation and Telekom Malaysia will do everything in its power to get to the truth. As far as Telekom Malaysia is concerned, we have always adhered to our established procedures on receiving, considering and awarding of tenders."

In a separate statement, Ericsson said the company had not been officially informed nor had it received any indication as to the nature of the allegation.

Its country manager and managing director, Olle Ulvenholm, said the company did not have information that tender procedures had been overlooked.

"However, we still wish to reaffirm that Ericsson is committed to maintaining a high standard of business ethics and that this has always been maintained in our long relationship with Telekom Malaysia, as well as with all other customers."

He said in Malaysia, Ericsson had been providing telecommunications infrastructure and facilities since 1965 and had been a major contributor to the current state-of-the-art telephone network.

Deputy Prime Minister Datuk Seri Anwar Ibrahim said yesterday the Government had ordered an investigation into alleged discrepancies in the award of a contract by Telekom Malaysia to Ericsson for the supply of equipment.

Anwar said the Government had received preliminary information about the alleged discrepancies about two weeks ago.

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

Anwar also said he had received his information from reliable sources, adding that the information was too general and incomplete.

Asked whether a Minister was implicated in the alleged discrepancies, Anwar said:

"Well, it is very preliminary and in order to do justice to all parties concerned, I have asked the contracts division (Finance Ministry) to talk to Telekom Malaysia to determine whether the (tender) procedures were fully observed and transparent."

While details were not made available, it is believed 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 Malaysia for RM414 million.

It was part of Telekom Malaysia's RM2.07 billion contract for telephone exchanges over five years.

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

The other four were: KUB-Fujitsu Telecommunications, Sapura Holdings (which formed Sapura-Nokia Telecommunications), Alcatel (formed Alcatel Network Systems) and Pernec Corp (formerly Pernas-NEC Telecommunications).

They were told to lower their prices to that of Perwira Ericsson which had submitted the lowest bid.

The contract award was part of Telekom Malaysia's expansion and digitalisation programmes.

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