

'We can sue you too,' Zahid tells Pua
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Defence Minister Ahmad Zahid Hamidi and Petaling Jaya Utara MP Tony Pua today traded barbs over the former's "Singapore spy" accusation, with both throwing threats of court action.

Zahid, in winding up debate on the royal address for his ministry, brushed aside Pua's threat to sue him for the charge, saying the opposition member should instead stop making "wild allegations" about the government's military procurement.

The ministry can take YB (Pua) to court too... claiming that the government is paying up to 870 percent higher for naval vessels than other countries is also a wild allegation," he said, referring to a claim by Pua on cost overruns in the purchase of six offshore patrol vessels.

Interjecting Zahid (left) earlier, Pua repeated his demand that Zahid retracts his claim reported by Utusan Malaysia last Friday that Pua was a "Singapore spy", who had once been arrested and charged in Singapore.

Pua expressed outrage at the minister's statement, saying that if the government had nothing to hide on the many questionable military procurement, it should come clean and explain the vast difference between the price tags for Malaysia's assets and that of other countries.

Elaborating on the increase in cost of the purchase of the six OPVs, Zahid admitted that the company initially engaged to build the vessels – PSC Naval Dockyard – had failed to deliver, leaving the ministry with little choice but to turn to Lembaga Tabung Angkatan Tentera (LTAT).

LTAT took over PSC, renaming it Boustead Naval Shipyard and effectively taking over the OPV project.

He denied Pua's (right) assertion that there was a conflict of interest in awarding the contract to Boustead, saying that it was now in LTAT's hands and no longer PSC's.

Zahid said the government decided to waive the late completion penalty as LTAT, through Boustead, had to settle cost overruns that included penalties from overseas suppliers who were forced to stop production of parts for the ships, as well as the strengthening of the euro.

DRB assembling, not buying APCs

Answering points raised on the RM8 billion armoured personnel vehicle (APC) deal between DRB-Hicom subsidiary Defence Technologies Sdn Bhd (Deftech) and Turkey-based FNSS Defence Systems Inc, Zahid said the price paid was for the final cost of the 257 APCs and not only for the baseline vehicle acquired from FNSS.

He said the deal between Deftech and FNSS, signed in April last year, only covered the baseline vehicle, and for it to be assembled by Deftech locally. It also included handing over of intellectual property rights.

Zahid said the decision to grant the project to Deftech through direct negotiations was made as the government felt, after going through proposals from four other companies, that Deftech gave the best deal.

"This should be seen in a positive light as it will help develop the local defence industry. In the past we used to go straight to the principal (manufacturers)... now we are doing things locally," he said.

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