

Bond payment a continuation of Ong's policy, says PKA
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By Kuek Ser Kuang Keng

Port Klang Authority (PKA) chairperson Teh Kim Poh today justified the payment to bondholders of Kuala Dimensi Sdn Bhd (KDSB), arguing that it was just a continuation of what Ong Tee Keat had done during the latter's tenure as transport minister.

"Two payments were made during his tenure in June 2009 and June 2010, of RM660 million each.

azlan"The payments during Kong Cho Ha's time were just a continuation," he told the media during a press conference at PKA's office today.

Teh, a former MCA assemblyperson who took over PKA, the statutory body overseeing PKFZ, in 2011, stressed that the payment was not paid directly to KDSB.

"If today we are paying to KDSB, I assure you we would not pay. But KDSB had been paid. It is a commitment to the Special Purpose Vehicles (SPVs)...

"We have to pay, otherwise we would have a bad image," he explained.

KDSB is the turnkey developer for PKFZ. The company formerly owned by BN Backbenchers Council chairperson and Bintulu MP Tiong King Sing funded the development by issuing bonds to four SPVs.

Under the agreement, KDSB obtained the fund from the bonds issued and PKA will repay RM4.6 billion to the bondholders in a period of 11 years from 2007 to 2017.

NONETeh (left) also reiterated that PKA has signed an undertaking to repay the bond, when asked whether there was a contractual agreement that compelled PKA to pay the bondholders, even though the bonds were issued by KDSB.

"Definitely. I think there is a contractual agreement lah, otherwise we can't be paying," Teh said, while PKA financial manager Adnan Abidin went on to confirm that PKA had made such an undertaking.

azlan"There is an agreement... in the agreement between the SPVs and KDSB, there is an undertaking signed by PKA," Adnan said.

However, Adnan refused to disclose further details on the grounds that the matter is also being heard by the court.

The dispute as to whether PKA should make the payments, taxpayers money to be exact, to KDSB bondholders has been dragging on for several years.

Critics, including former transport minister Ong, former PKA chairperson Lee Hwa Beng and the opposition have argued that PKA should withhold the payments, since it has filed a suit against KDSB for overcharging and non-completion of work.

Moreover, it has been reported that KDSB had issued three letters of undertaking offering to cover any shortfall in bond repayments by PKA.

The legal firm Skrine engaged by PKA during Ong's tenure as transport minister also advised PKA to withhold the payment before the court makes a ruling on the disputed amount.

Misleading the public

When asked about Skrine's advice, Adnan simply replied that he has not read the advice and he can't comment on it.

NONEAdnan (left) also added that the SPVs will sue PKA should it default on the bond payment. In a statement issued later today, Ong chided Teh for misleading the public on the two payments.

He clarified that the payment due on June 30, 2009, was actually suspended by him.

"This was later overruled by the Finance Ministry (MoF). That explains why I said in early July 2009 that the payment of RM660 million was finally made under the directive of MoF of which I was not a party to.

"The PKA board under Lee Hwa Beng's stewardship then had to convene a meeting grudgingly to reverse the board decision of suspending the payment."

As for the second payment mentioned by Teh which was due on June 30, 2010, Ong said he had been removed from the cabinet on June 1.

"By now, both Transport Minister Kong Cho Ha and the present PKA chairman should have details of such reversion and not deliberately mislead the public that I was the one who sanctioned the payment," he added.

