

MP: Rail project derails PM's pledge
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The awarding of a RM1 billion railway project through direct negotiations as opposed to an open tender runs foul of Prime Minister Najib Tun Razak's pledge, said a DAP parliamentarian.

In a statement today, Petaling Jaya Utara MP Tony Pua zeroed in on the project to be undertaken by Malaysian Steel Works (Masteel).

NONEHe said the move contravenes Najib's promise prior to the 13th general election that such contracts will be awarded through open tender to ensure transparency and curb corruption.

"On what basis was Masteel picked for this project via direct negotiations? Why did the government fail to carry out an open tender exercise for a project of this magnitude?"

"The question also arises on the need for the government to privatise the project if the government has to bear 70 percent of the construction cost by issuing a soft loan."

Masteel is slated to build a new rail system in Iskandar Malaysia, Johor, which will include 20 stations.

husni eon bank function 120310 ahmad husniPua said Masteel announced on May 31 through Bursa Malaysia that its officials had attended a meeting with Second Finance Minister Ahmad Husni Hanadzlah (left).

During the meeting, he said, Masteel subsidiary Metropolitan Commuter Network (MCN) was given the approval to finalise the soft loan structure amounting to RM700 million from the government.

Pua also noted that Umno has an interest in KUB Bhd, which owns a 40 percent stake in MCN.

The DAP leader also cited an interview published in financial daily The Edge, which quoted Masteel CEO Tai Hean Leng as saying that MCN will invest RM300 million in the project, alongside the RM700 million soft loan.

Tai also revealed that the company has been given the concession to operate the commuter system for 37 years even though MCN has projected that it will break even after 12 years.

Pua also claimed that Masteel is inexperienced in the railway sector, since its primary focus is on steel products.

"Is Masteel the best company to undertake this RM1 billion project?"

"The government must explain the rationale of awarding contracts through direct negotiations, especially when the projects are awarded to inexperienced companies and those without sufficient financial capabilities."

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