

Dr M curious at 1MDB's 'huge bonuses' for IPPs

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Hit by a media snub after attacking Prime Minister Najib Abdul Razak, former premier Dr Mahathir Mohamad has resorted to loyalist bloggers to get his message through, this time raising questions about the billions forked out by 1Malaysia Development Berhad (1MDB) for Independent Power Producers (IPPs) which could have been acquired for "free".

Veteran newsman A Kadir Jasin in a blog posting recounted his meeting with Mahathir and several eminent figures last Friday.

"Dr Mahathir was curious why 1MDB bought the ageing IPPs when the government could wait a few more years and get them for 'free'. Something is amiss," said Kadir in a posting today.

Kadir (right) said a power executive who had pioneered one of the IPPs not bought by 1MDB had disclosed that the Power Purchase Agreement (PPA) for gas-fired plants was 21 years while coal-fired was 25 years.

"If at the end of the PPA period, the IPPs fail to secure an extension, the plants are transferred to the Tenaga Nasional Berhad for a token sum, something like RM100.

"Some of the IPPs bought by 1MDB have less than seven years of concession period left. The IPPs already recovered their costs and made substantial profits.

"One source said within seven or eight years, they recovered their investment. So, selling their plants to 1MDB earned them huge bonuses or extraordinary gains," he said.

1MDB in 2012 paid RM8.5 billion to acquire tycoon Ananda Krisnan's Tanjong Energy Holdings Sdn Bhd and subsequently forked out another RM2.3 billion to acquire Genting Berhad's power generation businesses.

In 2013, 1MDB further acquired a 75 percent stake in Jimah Energy Ventures Holdings Sdn Bhd for RM1.2 billion.

Kadir added the fact that 1MDB ran into trouble with its auditors earlier this year also did not inspire confidence.

"Why was it so hard for the auditors to approve 1MDB's accounts if everything is above board?" he said.

He added that 1MDB as a sovereign wealth fund was redundant as there is already Khazanah.

'Who is 1MDB for?'

"For whom is 1MDB? Why should 1MDB's fund be kept abroad when Mida (Malaysian Investment Development Authority) is working very hard to attract FDI?" he said.

Kadir also commented on Najib's other policies which Mahathir was upset with, including the planned repeal of the Sedition Act which he said would be a "colossal mistake" like the Internal Security Act abolition.

"A group of influential Malays had petitioned the Rulers' Council not to agree to the repeal of the Sedition Act. The PM was at that meeting. Has he done anything?"

"All that we hear is the mainstream media issuing daily propaganda on the proposed Harmony Act to replace the Sedition Act," he said.

Kadir also sniffed at Najib's boast about the country's strong economic growth, stating that it is heavily driven by debt.

"Government lives on borrowed money so too are the people. This is not a quality growth," he said.

He added that despite the government parroting that inflation is low and household income is rising, it appear that fewer and fewer people can afford to buy houses and even banks are refusing to approve loans for medium-priced houses.

"The admission of this precarious housing situation is when the government is forced to go into housing but so far none of its projects have been completed

"Both the chairperson and chief executive officer of Perumahan Rakyat 1Malaysia (PR1MA) have zero experience in housing," he said.

Even on the education front, Kadir said there is concern about the quality of the national education system and growing elitism of private education.

"Ministers, senior politicians and businessmen are clamouring to send their children to private schools while telling the rakyat of the virtues of sekolah kebangsaan (national schools)," he said.

He also criticised Najib's insistence on being part of the controversial Trans-Pacific Partnership Agreement with the US, urging the government to tell the "truth" about the deal.

