

**I knew of Sime Darby cost overruns 3 years ago: Dr M
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Sime Darby's Bakun Dam project cost overrun was very high with the project now delayed by almost three years and all those responsible should take the blame, Dr Mahathir Mohamad said.

"I think responsibility should be shared. I was told of this cost overrun and delay three years ago. Has Sime Darby learnt lessons and begun to look at the other major projects it is handling?" he questioned in his blog.

"I think the people are entitled to know when a public company loses over a billion ringgit. Proton lost only RM500 million so that is acceptable. Is losing RM1 billion also acceptable?"

When first conceived, he said the Bakun hydroelectric project promised to be the biggest power generating project with the cheapest electricity price back in the 1990s.

sarawak energy board slide show hydropower project in sarawak 180608 bakun damIt was supposed to produce 2,400 megawatts even though Sabah and Sarawak needed just about 1,000 megawatts even in the 1990s.

Now, he said the Sime Darby CEO was dismissed because of cost overruns for the Bakun project (above) amounting to RM900 million. "The overrun is more than that because the government has already compensated Sime Darby with about RM700 million."

Mahathir added the contract to build the plant was given to Sime Darby and a mainland Chinese partner. "The price submitted was so low that the Malaysian who was the next lowest bidder was astounded. He simply said it could not be done at that price."

Mahathir indicated that sometimes a very low price would be proposed so as to win a contract. Then as the construction progresses there would be cost overruns and eventually the total cost would be far higher than the price of the bid. The owner of the project would then be asked to pay for the new cost.

Mahathir said the consultants in Sime Darby should be questioned on how they gave the green light for the project.

Other projects involved, too

The financial fiasco in the GLC - the biggest in the country - was revealed following the company board's decision to ask chief executive officer Ahmad Zubir Murshid to take leave of absence.

The scandal first hit the limelight when a business daily reported cost overruns with the hydroelectric Bakun Dam earlier this month.

However, Sime Darby said that the board of directors has been aware of the overruns when a board working group was formed in October last year to 'assess the corporate governance and performance' of the conglomerate's Sime Darby's energy and utilities division.

The work group is chaired by Andrew Sheng Len Tao. Other group members include Wan

Mohd Zahid Mohd Noordin and Zaitoon Othman.

They also discovered losses in the Bulhanine and Maydan Mahzam project with Qatar Petroleum (the 'QP Project'), the Maersk Oil Qatar project (the 'MOQ Project'), and a project concerning the construction of vessels for use in the MOQ Project (the 'Marine Project').

Ahmad had been asked to take leave of absence until his term expires on Nov 26.

Prime Minister Najib Abdul Razak has asked for a probe of the losses but has refused to point fingers at the culprits.

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