

**PKFZ: 'Gov't will pay the RM700mil to bondholders'**  
**Malaysiakini.com**  
**June 29, 2010**

Deputy Transport Minister Abdul Rahim Bakri has given an assurance that the government will pay what is due to the Port Klang Free Zone (PKFZ) bondholders.

"We have a commitment to the bondholders, therefore we have to fulfill it," he told the House today, when winding up matters relating to the ministry in the 10th Malaysia Plan.

He was replying Lim Kit Siang (DAP-Ipoh Timor) who had asked whether Port Klang Authority (PKA) would make any payments to PKFZ turnkey contractor Kuala Dimensi Sdn Bhd (KDSB), given the legal dispute between them.

NONEPKA is due to pay RM723 million to the bondholders tomorrow, although it has taken KDSB to court for alleged overcharging.

The Internal Revenue Board (IRB), Lim noted further, has also asked PKA to pay RM328 million owed by KDSB in alleged backdated taxes.

Given such a scenario, Lim suggested that the government should consider setting up a third-party account until the dispute is resolved.

Should PKA decide to pay both parties, they would have to cough up over RM1 billion.

On the same matter, Tony Pua (DAP-Petaling Jaya Utara, centre) said PKA should not make any payments to the bondholders since it was KDSB that had raised the money to finance the PKFZ project through the issuance of bonds worth RM4.6 billion.

azlan"PKA's obligation is not towards KDSB's bondholders," Pua argued.

Bondholders can either individuals or companies who have invested and bought the PKFZ bond from the market.

At a press conference earlier, Pua had said that the government should hold back payments to KDSB until the court case is finalised.

"PKA can withhold payment to KDSB bondholders on the basis that KDSB had failed to complete its work. PKA could also refuse to pay IRB on the same (grounds). So if PKA says 'I do not owe money to KDSB', it is not compelled to pay the taxes owing to IRB," he explained.

'Perfect scam of the century'

If the government pays both the bondholders and the IRB, said Pua, "this would be the perfect scam of the century".

PKA will have to pay a total of RM1.05 billion to both IRB and the bondholders.

"The result will then be ... the IRB gets to collect its taxes, the bondholders get to recover their investment with interest, while KDSB escapes its obligations without having to fork out a single sen of its tax (owed to IRB)," he claimed.

NONEHe added that this will also save KDSB owner Tiong King Sing (left), who is Bintulu MP, from being sued by the IRB and bondholders.

However, the burden would then be transferred to the rakyat.

"The complete burden amounting to billions of ringgit is shifted to the hapless and helpless rakyat who will be forced to pay for the follies of the BN government," he added.

"(This would) enrich KDSB and its shareholders while those possibly guilty of criminal breach of trust such as former transport minister Chan Kong Choy (will) get away scot-free."

Deputy minister: Everything is already ready

Abdul Rahim (below) was later accosted by journalists at the Parliament lobby. He reiterated that the government would pay the bondholders based on the contractual agreement.

Journalist: But will the government pay the IRB?

NONEAbdul Rahim: They (IRB) have asked, but the money is not meant for KDSB, the money is meant for the bondholders as they have financed the project. They (IRB) can claim direct from KDSB, they cannot claim from the government. If we don't pay the bondholders, then the government is risking our (bond) ratings.

KDSB already got the money from the bondholders to finance the project. And now, our job (the government) is to pay the bondholders. This is our commitment.

'Benda (PKFZ) itu sudah siap. Bukan kata tak siap. Barang itu sudah ada.' If you go to PKFZ, everything is there already. All the 'bangunan' (buildings) are ready, so the only (that remains) is the court dispute, but that will depend on the courts.

For example, if you 'beli rumah, bank sudah bayar', but if the OC (occupation certificate) 'tak keluar', you still have to pay the bank, right?

The opposition is saying that the work is not completed.

You go there and see for yourself. Most of the obligations are completed. I went to the industrial park - of course I did not go into the details - and most of them are constructed. Everything is there already and part of it (PKFZ) is already occupied. So it's up to the PKFZ to do the marketing. Everything is already ready.

But Pakatan is calling it a white elephant.

Because in 2009, the economy was slow. How to expect more investors to come in? If the economy is slowing down worldwide, how to expect people to invest? When the economy goes up, then more people can invest. Even now, there are some companies there.

