

**Now 'overpriced' trains at RM500 mil?  
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PAS parliamentarian Dzulkefly Ahmad has questioned the huge jump in the cost of 38 electric trains for KTM, following the government's decision to enter into a directly-negotiated purchase.

This could see RM500 million in public funds being wasted, the Kuala Selangor MP told a press conference at the Parliament lobby today.

What is bizarre, he said, is that the supplier had quoted a lower price when participating in an earlier open tender for similar trains.

In 2008, KTM had called an open tender for supply of eight three-carriage Electric Multiple Units (EMU), and this was awarded to railway manufacturer Zhuzhou Electric Locomotive Co Ltd of China.

a kugan detention death funeral ummc to puchong 280109 kuala selangor mp dr dzulkefly ahmad However, Dzulkefly (left) claimed the government then cancelled the contract and entered into direct negotiations with the company, to take advantage of economies of scale and obtain a lower price by purchasing in bulk.

"It is a tragedy for the public that the new offer price is markedly higher than what was agreed to by the Finance Ministry in January, when finalising the (open) tender process for supply of similar trains," noted Dzulkefly.

"The people will surely want to know why, after direct negotiations, Zhuzhou has offered a very high price, roughly RM48 million for each of the six-carriage EMUs, which would total RM1.8 billion for the 38 units."

He claimed that Zhuzhou's bid during the open tender was RM15 million per unit for a three-carriage EMU and RM30 million for a six-carriage Electric Train Set.

"Why are we paying more for the six-carriage EMUs through direct negotiations, compared to the lower price (submitted during the open) tender?"

Dzulkefly dismissed the Finance Ministry's 'economies of scale' logic, pointing out that the purchase of additional units should reduce, not increase, the price of the EMUs.

He also refuted the Transport Ministry's response in Parliament yesterday that the cost of the 38 EMUs had increased because of accelerated delivery time and the use of stronger lightweight materials.

"The 24-month delivery schedule and the aluminum construction of the carriages according to the International European Standards is nothing new. This is the same as the terms offered by Zhuzhou in its earlier bid," he argued.

'Blacklist company'

Dzulkefly said he sees no major difference in the specifications of the units offered by tender and those being considered in the directly-negotiated purchase.

"The only major difference is the installation of (close-circuit) television cameras and side-destination panels on the railway carriages, which shouldn't raise costs significantly."

NONEHe claimed that the six-carriage EMUs should only cost, at most, RM35 million a unit, taking into consideration the added specifications, foreign exchange fluctuations, inflation and the added cost of raw materials.

The cost should in fact be much lower, he said, since the directly-negotiated deal involves a reduction in the contract to supply spare parts for the EMUs to 25 years from the initial 30 stated in the open tender bid

Dzulkefly urged the government to cancel the letter of award to the firm and to blacklist it for having increased the price.

He also urged the Public Accounts Committee and Malaysian Anti-Corruption Commission to investigate the deal and the government officials involved in it.

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