

Even Khairy doesn't want PKA to pay
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Umno Youth chief Khairy Jamaluddin has joined the chorus of protests against the government's insistence on paying Kuala Dimensi Sdn Bhd's (KDSB) bondholders.

"In view of the large sum involved, the government should avoid the perception that it is using public funds to rescue KDSB," said Khairy, who is also Rembau MP, in a post on his blog yesterday.

NONEKhairy (left) joins former transport minister Ong Tee Keat in being one of the few BN lawmakers to oppose the government's plan to pay RM228 million to one of the four special purpose vehicles (SPV) established by KDSB, the turnkey contractor for the beleaguered Port Klang Free Zone project.

According to current Transport Minister Kong Cho Ha, the funds must be paid by tomorrow, according to a schedule that has been set out. Last month, RM350 million were disbursed to two other SPVs.

KDSB had initially raised around RM4 billion in bonds through the four SPVs to fund the construction of the Port Klang Free Zone project.

Basing his argument on recent media reports, Khairy said since the bonds were issued by KDSB, the matter of the government being liable in case of non-payment by the company should not arise.

'Letters of undertaking'

He adds that Deputy Finance Minister Awang Adek had told the Dewan Rakyat on Sept 4, 2007 that four letters of support signed by former transport ministers were not implicit government guarantees to bondholders.

Secondly, Khairy said the apparent letters of undertaking by two KDSB directors written between September 2004 and September 2006 strengthen the argument that the company alone is solely responsible to their bondholders.

"Thus, in this case, it is unwise to say that the Port Klang Authority (PKA) still has to pay bondholders because KDSB has made a commitment in this matter," he wrote.

Thirdly, Khairy argued that since PKA has taken legal action against KDSB for RM1.4 billion in purported extra claims, it should not pay the company until the court matter is disposed of.

His three arguments against the payments have been raised frequently by opposition lawmakers before, but he is the first major BN leader to do so.

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