

Idris: Direct nego sometimes better than open bidding
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Direct negotiations can also bring the best value for the government, said Minister in the Prime Minister's Department Idris Jala.

Speaking to the media after the launch of the Economic Transformation Programme roadmap, Idris said that this is provided that the government does a thorough study and knows the benchmark prices.

"When I was in Shell for 23 years, we did a lot of direct negotiations and I can tell you that (it) can bring prices down and that means you do a complete benchmark on other companies doing the same project and you use the same benchmark to negotiate for the same cost," he said.

While Idris gave an assurance that the government is well aware of best practices when they sit at the negotiation table, recent trends suggest otherwise.

In a written answer in Parliament on Oct 12, the Defence Ministry admitted issuing a letter of intent for armoured personnel carriers (APCs) at a cost of RM31 million a unit.

While it told Petaling Jaya Utara parliamentarian Tony Pua that it is still negotiating the price, it did not refute Pua's claim that the best APC costs not more than RM10 million each.

'Open tenders to be default process'

Direct negotiations may take place for some projects, the default process would be open tenders, said Idris, who is also Performance and Delivery Unit chief executive officer.

"For those cases we will explain the reasons why we have to go for direct negotiation or competitive bidding," he said when asked about transparency in government.

In his keynote speech today, Prime Minister Najib Razak mentioned that "big projects" will be open for competitive bidding, by default.

However, one of the biggest government project under the ETP - the Mass Rapid Transit project - appears to have been directly negotiated to conglomerate Gamuda-MMC.

Asked about this, Najib said that this does not mean that downstream activities in the MRT project cannot be tendered out.

"For example, the tunnel. They can tender out the digging of the tunnel to someone else," he said.

That said, questions mark still arise over whether this would be the case as the premier admitted that he cannot compel private companies to tender out their activities.

"The private sector is dealing with their own money so I cannot ensure that they tender out, but I would encourage it as it would bring value for money," Najib said.