

Delayed army brigade project: MP wants answers
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The government had transferred a parcel of land worth RM465 million to a contractor 13 years ago for an army brigade complex in Skudai, Johor, for just about half its price despite less than 20 percent of the project being completed, an opposition parliamentarian revealed today.

dap 2010 budget rocket cafe 071009 tony pua 01Petaling Jaya Utara DAP MP Tony Pua said that the Defence Ministry awarded Kausar Corporation Sdn Bhd the contract to put up Complex 7 Brigade for RM256 million in July 1997.

According to Pua, the ministry swapped a piece of land with the contractor instead of striking a monetary agreement for the project.

"They gave another piece of land also belonging to the army with two camps there as payments in lieu," said Pua (right).

However, the project stalled with just 18.3 percent completed, and the issue was raised in the 2003 Auditor-General's report but after six years it still remained at 18.3 percent, according to the recently-released 2009 audit report.

They took it to the bank

"The project is apparently still ongoing. If you look at the reply from the Defence Ministry, they were still issuing warnings as late as 2008. Almost 10 years after the project was awarded and five years later the project still hadn't moved from 18.3 percent," he said.

Despite the glaring overruns, Pua said that the contract has not been terminated and the land has been transferred to Kausar Corporation.

"What did the contractor do with that piece of land? He took it to the bank and the Malaysia Building Society Bhd MBSB and took out a loan for RM465million.

"Why did the government award a project worth only RM256 million but pay with a piece of land that can be worth at least RM465 million... nearly double the size of the contract?"

He added that following normal banking practice, no loan would be issued for the real value of a piece of land which could be worth more than RM600 million.

"Secondly, why isn't the contract terminated? Why isn't a single letter of demand sent to this Kausar Corporation? Why hasn't the company been blacklisted?" he asked.

Although the issues were raised in Parliament before, Pua said the current premier Najib dodged the matter when quizzed before, simply saying that "blacklisting a company is the last resort" taken by the government.

Pua demanded that the prime minister respond to the question of why the company's contract was not terminated despite the delay.

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