

Govt Should Just 'Open Tenders' If Contractors Are Selected Based On Political Connections Instead Of Merit And Price.

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As part of the "Government Transformation Programme" (GTP), the Najib administration had announced its intention to award more contracts for government projects through open tender.

However, the Government had continued to award contracts without calls for tenders for many high-profile projects. This includes the MRT to Gamuda-MMC as the "project delivery partner", the RM682 million Matrade International Convention Centre to Naza TTDI and both the proposed Kuala Lumpur International Financial District (KLIFD) and the Sungai Besi Airport redevelopment project to 1Malaysia Development Bhd (1MDB).

The silver lining was that for certain second tier construction projects, open and competitive tenders had been called subject to pre-qualification.

One such recent bid was for the electro-mechanical system for the Kelana Jaya Line LRT extension project. The tender for the project was so successful that it had managed to attract some top international players to submit their bids – Bombardier, Colas, Thales, Siemens, Invensys, Samsung and more – before it closed on May 16.

Unfortunately, the entire exercise has been made a sham, if reports over the past few days by The Malaysian Insider and The Singapore Straits Times were indeed accurate.

According to The Malaysian Insider last Friday, "a Finance Ministry committee has ignored the city's light rail transit (LRT) operator's recommendation for the Kelana Jaya line extension project by awarding it to a company whose project price of RM890 million is almost 50 per cent higher than that of the lowest bid."

A source had claimed that "all bids are technically the same but Prasarana had recommended Ingress Corp Bhd-Balfour Beatty Rail Sdn Bhd, which put in a bid of RM610 million, the lowest against Hartasuma-Bombardier's RM890 million, which is the highest."

Today, the Singapore Straits Times reported that it was the consortium led by British firm, Colas which will be awarded for its RM670 million bid, which is still RM60 million higher than the lowest bid recommended by Syarikat Prasarana Bhd.

What the Government has done is not only to spend up to RM280 million extra on the project, it also has in effect wiped out the entire credibility of the GTP and the Najib administration by making a complete mockery of its 'open tender' exercise.

After attracting some of the top international companies to take part in the tender, they are now finding out that Malaysia will award the party which puts in the higher or highest bid, and not that of the lowest.

The 'open tender' has wasted millions of ringgit borne by companies that submitted a competitive bid, thousands of man-hours from the private and public sectors and delayed for months the LRT extension project.

Given that the Finance Ministry headed by Najib Abdul Razak himself that owns Syarikat Prasarana Bhd already has in mind to award the project to Hartasuma Sdn Bhd-Bombardier

joint-venture regardless of the tender outcome, the Government might as well just scrap the 'open tender' show and 'save' everyone the trouble.

In fact, the Straits Times quoted industry executives as saying that the "behind-the-scenes intrigue shows how opaque and non-transparent practices that have long characterised large public sector contract awards remain the order of the day in Malaysia."

I will raise this matter in the Dewan for the supplementary budget debate should I have a chance to speak. The Finance Ministry must confirm if the above allegations are true, and if true, account to the rakyat as to why Malaysians must pay RM280 million more for the LRT extension project.

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