

## **Was Zahid Wrong With His Many Statements?**

**MalaysianMirror.com**

**20 January 2012**

**Tony Pua**

The Pakatan Rakyat Member of Parliaments – Dr Dzulkefly Ahmad, Saifuddin Nasution and myself would like to thank the Ministry of Defence for making arrangements to provide clarifications to us over the recent procurement controversies yesterday.

One of the key issues which required urgent clarification was the disparity between the originally stated RM6 billion to acquire 6 SGPVs, first highlighted in February 2011 which was subsequently increased to RM9 billion in December 2011.

Below is a chronology of events and statements made:

\* On February 5th 2011, Bernama reported that "the government has agreed to allocate RM6 bil to build six second generation patrol vessels for the Royal Malaysian Navy, Defence Minister Dr Ahmad Zahid Hamidi said Saturday" in an article entitled "RM6 bil approved for 6 patrol vessels". It was mentioned that Boustead Naval Shipyard will be awarded the contract to build the ships.

\* On 12 February 2011, the New Straits Times also reported that the Royal Malaysian Navy Chief, Admiral Abdul Aziz Jaafar said that "the RM6 billion package deal for six second-generation offshore patrol vessels is considered reasonable... the cost included weapon-system installation, radar technology and other sophisticated equipment to enhance the armed forces' firepower."

\* On 8th March 2011 in Parliament, Zahid Hamidi had further clarified that "pada masa ini pihak kerajaan masih belum memuktamadkan harga. Sejumlah RM6 bilion telah diperuntukkan sebagai siling dalam Rancangan Malaysia Kesepuluh dan sebahagian akan melimpah ke Rancangan Malaysia Kesebelas dan mungkin hingga ke Rancangan Malaysia Kedua Belas." (pg 6). He repeated the same on 21 March 2011 in Parliament (pg 52).

\* On 16th December 2011, Boustead Holdings Bhd has announced on Bursa Malaysia that its subsidiary Boustead Naval Shipyard Sdn Bhd has received the "letter of award to undertake the construction of the ships" from Ministry of Defence Malaysia "to design, construct, equip, install, commission, integrate, test and trials, and deliver six LCS" for the new ceiling price of RM 9.0 billion.

At the meeting yesterday, the Secretary-General of Defence Ministry, Ismail Ahmad "clarified" the apparent increase in the cost:

\* Firstly, Ismail claimed that the announcement made by Boustead Holdings Bhd refers to a "letter of intent" and the agreement has not been finalised. However this contradicts the statement made by Boustead to the stock exchange which clearly stated that it is a "letter of award".

\* Secondly, Ismail claimed that the Defence Minister's reply in parliament was perhaps wrongly interpreted. What the Minister apparently meant was that RM6 billion was just for the 10th Malaysia plan and did not include the RM3 billion budgeted in the 11th Malaysia Plan. Therefore the price was RM9 billion for the 6 ships all along, and never RM6 billion.

Malaysians can now make their own judgement as to whether the explanation given by the Defence Ministry is acceptable or even credible.

I had asked during the meeting that if the actual purchase price or original budget was to be RM9 billion, then why did the Defence Minister announce on 5th February 2011 that it was RM6 billion to acquire 6 ships?

I further added, if it was indeed RM9 billion and not RM6 billion all this while, why was it that it took more than 9 months for the "correct" RM9 billion figure to be exposed via the Boustead announcement?

No further clarification was given by the Defence Ministry or the Minister besides insisting that it was all along a RM9 billion acquisition.

The above controversy provides one of the clearest instances why it is imperative for the Parliamentary Oversight Committee on Defence Expenditure, modelled after the United States House Oversight Subcommittee on National Security, Homeland Defense and Foreign Operations which looks after defence policies as well as the US Defense Budget Appropriation Committees which review and approve detailed defence expenditure.

The setting up of such a committee with access to all the necessary and relevant documents will ensure that no one will be left with any doubt over whether it was RM9 billion all along or whether there was a massive increase in price from RM6 billion.

TONY PUA

(The views expressed above belongs to the author in its entirety and does not represent the opinion of Malaysian Mirror in any way)

Copyright © 2012 [www.malaysianmirror.com](http://www.malaysianmirror.com)

<http://www.malaysianmirror.com/media-buzz-detail/6-nation/56326>