

Damning Indictment Of Najib's 'Transformation' Leadership
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The Prime Minister Najib Razak famously declared that "we can no longer tolerate practices that support the behavior of rent-seeking and patronage..." when he launched his landmark New Economic Model (NEM) to replace the New Economic Policy (NEP) on 30 March 2010.

I had openly applauded the statement on intent when it was first announced, but cautioned then against the sincerity and political will of the Prime Minister to carry out the necessary reforms to our distorted economy.

The recent award of the RM1.18 billion Ampang LRT Extension Project to George Kent Bhd has become just another one of the many nails hammered tightly into the NEM coffin. The award has proven that not only has Najib Razak failed to rent-seeking and patronage in the Government procurement and tender processes, these behaviours are becoming increasingly blatant and flourishing in the country.

Over the past weeks, the various exposés have shown firstly that George Kent won the bid despite being priced RM167 million higher than the originally recommended bid by the project owner Syarikat Prasarana Negara. Secondly, George Kent was awarded the contract despite failing the technical criteria which has caused the company to be initially rejected by the professional evaluation consultants.

Worse, George Kent won the bid over other establish rail players such as Siemens, Balfour Beatty, Bombardier, Posco and Colas despite having zero experience in rail projects. The company's expertise is in the manufacture and supply "control instrumentation, telemetry, pipes, valves and fittings, industrial and domestic water meters, boilers", as well as "fibre glass reinforced polyester (FRP) panel tanks for bulk water storage".

But the industry feedback on the award as reported by the latest issue of The Edge is most damning on the integrity and credibility of the high-power Ministry of Finance Committee headed by Najib Razak himself.

An industry executive was quoted saying that "George Kent might have to subcontract about 70% to 80% of the value of the contract since it is not the original equipment manufacturer of any of the components that are needed for the systems work".

A top executive from Siemens has also confirmed that they have been approached by George Kent to participate in the project as a subcontractor. Similarly, another tenderer for the project Balfour Beatty has also been approached, but executives close to the UK-based group say it has "spurned" the offer.

A rail-sector project consultant was then quoted to say "subcontracting more than 30% of the specialised work packages, is questionable since the main contractor would have been selected for its specific technical capabilities". This is as opposed to George Kent being awarded the contract despite having no such expertise in the industry.

The award shows that Ali-Baba like contractors who survive on their political connections as well as their expert navigation of the government procurement processes continue to

dominate in Malaysia. At the same time, the complicity of the Prime Minister, who is also the Finance Minister in the award process proves full support for these companies.

We are completely aghast at how Najib Razak can continue to talk about the "New Economic Model" and "Economic Transformation" when Barisan Nasional cronies continue to win lucrative government tenders via rent-seeking and patronage, and not because of competency, quality and price competitiveness.

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