

**Despite Dr M's okay, Cabinet delayed land purchase deal for PKFZ**  
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**By Debra Chong**

KUALA LUMPUR, Aug 8 — Despite then-Prime Minister Tun Dr Mahathir Mohamad's green light, his Cabinet decided in October 2002 to postpone buying land in Pulau Indah for the mammoth Port Klang Free Zone (PKFZ) project after the Finance Ministry (MoF) objected to the deal, the High Court was told today.

However, the Port Klang Authority (PKA) inked a sales and purchase agreement with Kuala Dimensi Sdn Bhd (KDSB) which had won the government deal to be its main contractor a month later on November 12, 2002.

The MoF was said to prefer that the government compulsorily acquire the land rather than buy it back, a former Transport Ministry official who had been heavily involved in the negotiations testified in the ongoing trial of his then-boss Tun Dr Ling Liong Sik.

Former deputy secretary-general for planning Datuk Abdul Rahman Mohd Noor said the Cabinet had agreed to postpone the decision in a meeting on October 2, 2002.

He said he had also written a memo to Dr Ling about it on October 22, 2002 explaining the MoF's concerns.

"If I'm not mistaken, the Treasury had decided it was better to obtain the land through an acquisition rather than buying it back," he replied when the prosecution, led by Datuk Tun Majid Tun Hamzah, quizzed him why he wrote the memo.

Abdul Rahman, in his memo, had pointed out that the deal had been studied by the prime minister's special adviser and the project was found to be "self-generating".

He said the MoF also urged the federal government to get the Attorney-General's Chambers views despite the PM having okayed the purchase deal six months earlier.

Abdul Rahman also said members of the Pulau Lumut Co-operative who owned the Pulau Indah land had opposed the government purchase proposal as it would get only RM64 million compared to RM164 million if the 1,000 acres were instead obtained through compulsory acquisition.

Then the transport minister, Dr Ling had written a letter on April 3, 2002 to Dr Mahathir proposing the federal government compulsorily acquire 1,000 acres of land on Pulau Indah at a price set at RM25 per square foot (psf) to develop a mega transportation hub in Port Klang, known as the Regional Distripark Centre.

Dr M had replied and agreed to Dr Ling's proposal in a letter dated five days later.

Abdul Rahman said the purchase price of RM25 psf had been valued by the Property Services and Valuation Department (JPPH) in the MoF based on the land cost, which included costs for reclamation, basic infrastructural development, instalment payments and bond issuance.

"The cash value of the land is RM21 psf. If the land is bought as is, the price would be RM10.1 psf. However, the basic infrastructural development costs and other related costs before the land can be used were not included and this could exceed the RM21 psf figure," the ex-senior government officer said.

"In all government meetings held, it had been agreed that the purchase price for the land was based on being free from encumbrances. This means the seller is responsible for settling all existing problems before handing over the title deed to the government," he added in the memo to Dr Ling.

Dr Ling is charged with deceiving the government by concealing the fact that the 7.5 per cent interest rate was surplus to the purchase of Lot 67894 at RM25 psf — amounting to a total of RM1,088,456,000 — despite knowing that JPPH had already taken that interest into account when it valued the land.

The former MCA president also faces two alternative charges of deceiving the Cabinet into believing that the purchase of Lot 67894 at RM25 psf and the 7.5 per cent interest rate were acknowledged and agreed to by the JPPH, despite knowing that there was no such agreement.

The veteran politician faces up to seven years in jail and a fine if convicted of the principal charge under section 418 of the Penal Code.

Trial judge Datuk Ahmadi Asnawi testily adjourned hearing to continue tomorrow at 9am after the prosecution discovered that its documents were incomplete.

"They are so disorganised," Dr Ling remarked to *The Malaysian Insider* as he left the dock.

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