

Politicians demand Putrajaya explain RM9b nod for six patrol ships

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By Debra Chong

KUALA LUMPUR, Dec 18 – Datuk Seri Najib Razak must justify his government’s purchase of six patrol ships for a whopping RM9 billion, an increase of RM3 billion from the original RM6 billion approved earlier this year, DAP’s Lim Kit Siang demanded.

The opposition politician rang the alarm after a local shipbuilder said it won a RM9 billion “letter of award” from the Defence Ministry late last Friday.

Lim said the PM had promised full transparency in government procurement projects and must now take responsibility and explain the price hike. — file pic

“Boustead Naval Shipyard Sdn Bhd had received the Letter of Award dated 16 December 2011 from the Ministry of Defence Malaysia for the Contract to design, construct, equip, install, commission, integrate, test and trials, and deliver six units of ‘Second Generation Patrol Vessels Littoral Combat Ships (Frigate Class)’.

“The Contract carries a ceiling of RM9 billion, to be implemented over three Malaysia Plans, 10, 11 and 12. The delivery of the First of Class ship is estimated in 2017 with follow on ships every six months thereafter,” Boustead Heavy Industries Corporation Bhd (BHIC) said in a filing to Bursa Malaysia.

Lim said the prime minister had promised full transparency in government procurement projects and must now take responsibility and explain the price hike.

“Justify the increase. Was the contract open to tender? The basic rules of integrity and accountability should be followed,” the Ipoh Timur MP told The Malaysian Insider when contacted.

Former Umno minister, Datuk Zaid Ibrahim, echoed Lim but directed his questions to Datuk Seri Ahmad Zahid Hamidi, the Minister of Defence.

He said it was very unusual for a contract to be couched in terms such as “a ceiling of RM9 billion”.

“How can you have a contract of up to RM9 billion? What happens if they exceed that amount?” he said to The Malaysian Insider over the phone last night.

“That’s not a contract in law. At most, that’s a letter of intent. In a contract, you must spell out the specs. But here, it seems the equipment has not been evaluated ... the whole system is not finalised. That means they are not sure what it is they are buying,” he said, with a little laugh.

Zaid said Boustead’s statement was “very misleading”, adding that the deal was an attempt to “bulldoze through a contract ... that would strengthen the commission for DCNS, the French company”.

The naval defence company hit headlines worldwide for its Scorpene submarine deal with Putrajaya, which was also linked to the murder of a Mongolian model, Altantuya Shaariibuu. It was recently investigated by French authorities.

"It's a fait accompli [French for an accomplished fact]," the one-time de facto law minister said.

The government had approved RM6 billion for the navy to spend on the six ships, DAP national publicity chief, Tony Pua said, in a reminder of Ahmad Zahid's announcement to Parliament on February 5.

The Petaling Jaya Utara MP said the defence minister had claimed the six patrol ships were "littoral combatant ships (LCS)", which Pua said meant advanced warships, noting that only the United States owned two such vessels in the world.

He said the minister also claimed the ships were bigger, faster and equipped with "three-dimensional warfare equipment like cannons, missiles and torpedoes" and sophisticated sonar detection systems that would help the navy protect Malaysia's maritime areas.

"The minister must explain why has the price for each ship increased by RM500 million or RM3 billion in total for the six ships suddenly, well above the original approved budget.

"For example, has the specification for the ships been 'improved' further since Datuk Seri Zahid's reply in Parliament?" he asked, in a media statement today.

Pua said that Boustead, previously known as PSC Naval Dockyards, had in the past delivered six naval patrol vessels at RM6.75 billion or 26.2 per cent above the original contract price of RM5.35 billion.

He added that the shipbuilder was two years late in delivering the ships, which he said had "hundreds of defects".

Pua highlighted that the Auditor-General had given the Defence Ministry a poor report in 2006 when it was helmed by Najib, saying the ministry had awarded deals to dubious contractors and had overpaid contracts but had no paperwork to show for it.

"Such a track record does not give Malaysians any amount of confidence that history will not repeat itself," he said and questioned if Ahmad Zahid could assure the public there would be no repeat of such incidents.

He said: "These leakages must be plugged to ensure that the country doesn't become bankrupt by 2019 as speculated by Minister in the Prime Minister's Department, Datuk Idris Jala".

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