

Pakatan asks if Pahang 'bankrupt'
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By Clara Chooi

KUALA LUMPUR, Oct 6 — Pakatan Rakyat (PR) lawmakers today questioned if Pahang was in such dire financial straits that it cannot pay a court-ordered RM70 million compensation to a logging firm.

Perplexed by the government's continued defiance of the 2007 High Court sentence, PAS's Pokok Sena MP Datuk Mahfuz Omar asked if this was because the state's coffers could not sufficiently foot the bill, which had ballooned from an initial RM37 million that year due to accumulated interest.

"I am shocked that the state government would choose to defy the order. Typically, if a company commits such an act, the court would likely take action against the firm by sealing its belongings or declaring it bankrupt.

"But I am not sure if there are legal provisions allowing for a state government to be declared bankrupt," Mahfuz (picture) told a press conference Parliament today.

He urged Prime Minister Datuk Seri Najib Razak, from Pahang and a former menteri besar, to reveal the reason behind the Barisan Nasional (BN) state government's refusal.

DAP's Cheras MP Tan Kok Wai agreed with the notion, saying the over four-year refusal by the state was an indication that the government could be in dire financial straits.

"And they even asked to pay only RM10 million. What does this mean? Is the government near bankruptcy?" he asked.

Tan added that the case had also hit international headlines and caused foreign investors to shy away from Pahang.

"All they can afford to attract now is a rare earth plant factory that is detrimental to the environment," he said, referring to the controversial Australian miner Lynas Corp's refinery in Gebeng.

In the Kuantan High Court judgement against the Pahang government and Pahang Forestry director, Seruan Gemilang Makmur Sdn Bhd was awarded compensation in the sum of RM37,127,471.60 with interest thereon at 8 per cent per annum from December 31, 2000, until payment.

Pahang and its state forestry department were found to have breached a logging concession contract concerning timber extraction from a 10,000-acre plot of Umno-owned land in Mukim Bebar, Pekan district.

The award was retained as the Federal Court denied the state government's application for leave to appeal against the May 2007 decision.

Seruan Gemilang then obtained a mandamus order from the Kuantan High Court to compel the menteri besar to settle the amount after its attempt to demand for the judgment sum

with interest was unsuccessful.

However, on October 9, 2009, the menteri besar succeeded in his appeal at the Court of Appeal to set aside the mandamus order, prompting Seruan Gemilang to file for leave to appeal to the Federal Court.

The Court of Appeal, in reversing the High Court's decision, had ruled that Seruan Gemilang had wrongly named the menteri besar as the respondent in the judicial review proceeding in the High Court to demand for the judgment sum from the state government.

Instead, it ruled the state financial officer should be named as the party in an application for a mandamus order.

The company's shareholders recently embarked on a relay hunger strike to compel the Pahang government to settle its payment.

Director Lee Sin said today the costly court case which dragged on from 2002 had bled his firm dry and left his shareholders in a lurch but added he did not know how to compel the BN state government to settle the sum.

"We feel so helpless. This is not right. The government has simply chosen to defy the law and they are refusing to pay the sum," he told the press conference in Parliament.

Lee also claimed the Pahang government had even appealed to reduce the sum to RM10 million in August last year but the bid was rejected as legal fees for the court case had amounted to more than the proposed sum.

He urged Prime Minister Datuk Seri Najib Razak to intervene and compel Pahang to pay immediately.

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