

Cabinet never said Ling cheated in PKFZ project, says ex-minister
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KUALA LUMPUR, Oct 14 — Cabinet ministers have never complained or lodged a police report against Tun Dr Ling Liong Sik over the RM1.088 billion land buy in the scandal-hit Port Klang Free Zone (PKFZ) project, a former federal minister said today.

Senator Datuk Seri Mohd Effendi Norwawi, who was Agriculture Minister from 1999 to 2004, told the cheating trial of Dr Ling that no minister had complained or accused the former transport minister of cheating the Cabinet at any time after the land deal was sealed.

Cross-examined by defence lawyer Wong Kian Kheong, Mohd Effendi went on to say that then-Prime Minister Tun Dr Mahathir Mohamad had “personal knowledge” of plans to compulsorily acquire the said land for the PKFZ project.

Wong: Have you reported to the police that the accused cheated Cabinet? (in the PKFZ project)

Mohd Effendi: No.

Wong: Have you receive complaints from other ministers that the accused had cheated Cabinet?

Mohd Effendi: No.

The former minister said yesterday that the Cabinet had dithered on its purchase of the PKFZ land, after originally agreeing to buy it on October 2, 2002.

Citing delays, Mohd Effendi had said it was “normal” practice for Cabinet to change its mind over such matters, and that the government had on October 9 postponed the purchase pending the Finance Ministry’s presentation of a report from the Attorney-General’s chambers.

Former Transport Minister Dr Ling was charged in July last year with knowingly deceiving the Cabinet into approving the land purchase for the Port Klang Free Zone (PKFZ), which resulted in wrongful losses for the government.

The prosecution has argued that the additional interest of 7.5 per cent per annum, amounting to some RM720 million, had pushed PKA’s land purchase from RM1.09 billion to RM1.88 billion for the port project.

This was despite knowing that the government’s Valuation and Property Services Department (JPPH) had already taken the interest into account when it valued the land at RM25 psf.

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

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

Another witness — Lim Kean Chan, a chief financial officer with public listed company Silver Rich Holdings Bhd also testified today.

Chan, who previously worked as an accountant for a Special Purpose Vehicles (SPVs) used by PKFZ landowner Kuala Dimensi Sdn Bhd (KDSB) to raise bonds for the project, was shown a letter of support signed by Dr Ling.

When asked whether he knew the purpose of the support letter, Chan said "no."

He said he assumed a support letter was standard practice when dealing with the government concerning the issuance of bonds.

"It is part of the bonds issuance exercise," he said.

Putrajaya had earlier proposed that the Port Klang Authority issue bonds with a six per cent yield to pay for 1,000 acres of Pulau Indah land for the Port Klang Free Zone (PKFZ).

The government's Valuation and Property Service Department's (JPPH) had priced the deal at RM25 psf, including interest and the cost bond issuance.

However, former Port Klang Authority general manager O.C Phang and then-PKA chairman Tan Sri Ting Chew Peh later inked a deal in November 2002 with landowner Kuala Dimensi Sdn Bhd (KDSB) for RM25 psf excluding interest and without plans to issue bonds.

Dr Ling's letter of support for bonds raised by the turnkey contractor through one of the SPVs — Special Port Vehicle Bhd (SPVB) — was publicised by the Public Accounts Committee (PAC) and the press in 2007.

Critics allege that the letter of support penned by the then-transport minister on May 28, 2003 — which coincided with his last day in office — and three others by his successor, Tan Sri Chan Kong Choy, were seen by the market as government guarantees to fulfil PKA's obligations to KDSB.

They claim this had allowed KDSB to raise RM4 billion in AAA-rated bonds through SPVB and three other SPVs even after the initial RM1.5 billion cost of the Port Klang Free Zone (PKFZ) project more than tripled, despite PKA's weak financial standing.

The trial resumes on November 10.

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