

**Cabinet gave retrospective nod for PKFZ cost increase, Liong Sik graft trial told**  
**The Malaysian Insider**  
**November 14, 2011**  
**By Melissa Chi**

KUALA LUMPUR, Nov 14 — The Cabinet gave retrospective approval for the development cost of the Port Klang Free Zone (PKFZ) project to balloon from RM1.088 billion to RM4.6 billion in 2007, the High Court was told today.

Defence lawyer Wong Kian Kheong cited the approval of the cost increase to RM4,632,732,000 from the Cabinet meeting minutes dated June 24, 2007.

In 2002, the Cabinet was told that RM1.088 billion was the total cost of the project on the 999.5-acre land in Pulau Indah that comprised the land value, infrastructure cost and a six per cent interest rate.

Tun Dr Ling Liong Sik, a former transport minister, is charged with deceiving the government by concealing the fact that the interest rate of 7.5 per cent per annum was surplus to the purchase of Lot 67894 at RM25 psf — amounting to a total of RM1,088,456,000 — despite knowing that the government's Valuation and Property Service Department's (JPPH) had already taken that interest into account when it valued the land at RM25 psf.

Minister in the Prime Minister Department in charge of law and parliamentary affairs Datuk Seri Nazri Aziz told the court today that he did not lodge a police report or demand an explanation from the Transport Ministry regarding the cost increase.

He was the entrepreneur development minister from 1999 to March 2004.

He said his first and only statement recorded by the police was about two months ago.

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

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

When questioned by lead prosecutor DPP Datuk Tun Abd Majid Hamzah, Nazri said that Cabinet decisions must be made based on a memorandum, and not merely on notes.

However, if it were the prime minister's proposal, there is no need for a memorandum in order for the Cabinet to reach a decision, he explained.

The decision to buy the 999.5-acre piece of land in Pulau Indah, however, was made on October 2, 2002 without a memorandum. No explanation was given as to why it was an exception.

When asked again by Dr Ling's lawyer, Wong, the Padang Rengas MP hesitantly agreed that the Cabinet has the authority to make decisions without a memorandum, but was interrupted before he could explain further.

The trial resumes tomorrow.

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