

Prosecution will call Dr M to testify against Dr Ling
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Dr Ling arrives for the PKFZ court hearing today Aug 2 2011. — Picture by Jack Ooi

KUALA LUMPUR, Aug 2 — The prosecution will call Tun Dr Mahathir Mohamad as a witness in the corruption trial of Tun Dr Ling Liong Sik in the Port Klang Free Zone (PKFZ) scandal.

The PKFZ project was mooted during Dr Ling's tenure as transport minister under the former prime minister's administration.

Deputy public prosecutor Datuk Tun Abdul Majid Tun Hamzah said in the High Court here today that Dr Ling had also written a letter to Dr Mahathir in 2002, but did not reveal its contents.

Former prime minister Tun Abdullah Badawi is also expected to join his predecessor Dr Mahathir in testifying against their respective transport ministers in their respective trials related to the PKFZ project.

Bonds and loans for the ambitious project in Port Klang have generated a bill that could hit RM12.5 billion that project owners, Port Klang Authority (PKA), cannot pay without bailouts from the federal government.

Dr Ling was charged last July for cheating the Cabinet under Dr Mahathir when the project started in 2002 although a confidential report by a government-appointed task force had identified serious breaches on the part of several government officials, including Tan Sri Chan Kong Choy.

The report by the special task force, headed by senior lawyer Vinayak Pradhan, added to the long list of disclosures of alleged criminal wrongdoings and mismanagement that has forced the government to bail out the project. The government also had to stand by debts estimated to be in excess of RM10 billion.

Chan was charged in February with deceiving Abdullah over renovation work at the PKFZ site between 2004 and 2006, amounting to RM1.9 billion.

Chan, then the transport minister, had issued letters of guarantee under Abdullah's watch, which has led to the PKFZ's current financial troubles as it is unable to service the loans due to poor business.

It was the Abdullah administration that had to retroactively endorse the letters of guarantee issued by Chan, who legally cannot issue such letters.

It is understood that this sequence of events has led to Chan facing three charges in court. He is free on RM1 million bail.

Abdullah, who was prime minister between October 2003 and April 2009, is expected to testify about his role in the matter as most of the agreements and documents required his approval. It is not known if other ministers in his Cabinet, some of whom remain in the current Najib administration, will also be called to testify in the case.

A secret memorandum, dated June 22, 2007, that was leaked online showed the Cabinet retroactively approved the legality of billions of ringgit in supposedly illegal loans for the increased cost of development of the PKFZ.

The free-trade zone project began as a joint venture between PKA and the promoters of the Jebel Ali Free Trade Zone (Jafza) in 1999, to attract foreign investment and promote Port Klang.

The land from the project belonged to Kuala Dimensi, which had acquired it in the 1990s for RM96 million or roughly RM3 per sq ft.

But under mysterious circumstances, the PKA, then helmed by former general manager OC Phang, moved to buy the land from Kuala Dimensi in 2002 for RM1 billion, or roughly RM25 per sq ft.

Equally mysterious was the PKA's decision to award Kuala Dimensi sole rights to develop the free-trade zone without an open tender.

To fund the development, Kuala Dimensi raised funds through the issue of bonds that were backed by so-called "letters of comfort" from the Transport Ministry.

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