

PKA said no to PKFZ land at half price in 1998, reveals ex-boss
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By Shannon Teoh

KUALA LUMPUR, April 17 — The Port Klang Authority (PKA) refused to buy land offered by Kuala Dimensi Sdn Bhd (KDSB) as the price was “too high” four years before the Cabinet agreed to purchase it for nearly twice as much in the controversial Port Klang Free Zone (PKFZ) project, according to Datuk Lee Hwa Beng.

The former PKA chief wrote in his book “PKFZ: A Nation’s Trust Betrayed” that the PKA board in 1998, chaired by his predecessor Tan Sri Michael Chen Wing Sum, had received an offer from KDSB to purchase 400 acres of land at RM28 per square feet (psf). The book will be launched today.

But a senior valuer from the Valuation and Property Services Department (JPPH) had valued the land at RM13.50 psf or RM17.50 psf if basic infrastructure was provided, Lee (picture) wrote in the book.

“On December 31, 1998, the PKA directors discussed KDSB’s offer. After some discussion, the board declined KDSB’s offer because the price was too high.

“Shortly after this, KDSB offered to sell 830 acres — a larger piece of the land — to the Transport Ministry. When Chen’s term expired in December 1999, he was not reappointed... the rest, as they say, is history,” wrote Lee, who chaired PKA from March 2008 to March 2011.

The agreed price when the deal was finally inked in November 2002 was RM25 psf.

The Cabinet had earlier agreed in principle to the PKFZ project in 1999 soon after this offer came in and allowed the Transport Ministry to begin negotiations with the company owned by Bintulu MP Datuk Seri Tiong King Sing.

JPPH then valued the 830 acres at RM18 psf in May 2000 but was asked to conduct a further valuation to take into account the “special value (which includes physical, functional or economic association of a property with some other property)” of the land.

In September 2000, it said a price of RM25 psf was acceptable if PKA was allowed to defer its payments, with a base “special value” price of RM21 psf.

But on October 2, 2000, a senior ministry official stated the “special value” of the land was RM25 psf and just four days later, KDSB tacked on another 170 acres to the deal.

The final cost soared to RM1.8 billion including interests from deferred payments, meaning RM41.32 would eventually be paid per square foot.

But further irregularities in the project, first mooted by then Transport Minister Tun Dr Ling Liong Sik in 1997, more than quadrupled the cost to RM4.6 billion by 2007.

A position review by top accounting firm PricewaterhouseCoopers (PwC) revealed in 2009

that the total cost including interests from debt repayments could reach RM12.5 billion.

Since December 2009, six individuals have been charged in court including ex-MCA president Dr Ling and his successor as transport minister, former MCA deputy chief Tan Sri Chan Kong Choy, who are both accused of lying to the Cabinet.

But Lee, the MCA's former Subang Jaya assemblyman, told The Malaysian Insider in a recent interview this was "just the tip of the iceberg."

He said more would be revealed through the "money trail" if a corruption charge was ever brought to court or if there was a change in government as a new transport minister and PKA chief would not be obstructed by vested interest.

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