

RM3 billion already paid to PKFZ bondholders, says Tee Keat
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By Shannon Teoh

PETALING JAYA, April 17 — The government has paid RM3.039 billion to holders of bonds issued by Kuala Dimensi Sdn Bhd (KDSB) despite outstanding civil suits against the turnkey developers in the Port Klang Free Zone (PKFZ) scandal, Datuk Seri Ong Tee Keat said today.

The former transport minister said that another tranche of RM733.37 million is due at the end of June to the two special purpose vehicles (SPV) representing the bondholders for the purchase of the 1,000 acres and development work by KDSB which has ballooned from an initial RM1.1 billion to a possible RM12.5 billion.

Ong speaking at the launch of Lee's book 'PKFZ: A Nation Betrayed' in Kuala Lumpur on April 17, 2012. — Picture by Choo Choy May
But the Pandan MP, who was removed from Cabinet after being ousted as MCA president in 2010, said the government should not pay the scheduled amounts until the legal disputes have been settled.

"Any move to pay according to the schedule appended to the contractor under dispute is tantamount to jumping the gun. Common sense will tell you... to immediately stop payment until the dispute is settled. The fact that you paid him after you discover the alleged fraud shows that you indeed grant consent to it.

"We were guided by our conscience and consciousness of being the custodians of public funds, albeit we were later overruled by our political bosses," he said, referring to Datuk Lee Hwa Beng, who he appointed as Port Klang Authority (PKA) chairman in 2008.

Speaking at the launch of Lee's book "PKFZ: A Nation Betrayed", Ong said the government should only pay "the quantum the court rules as rightfully due once the civil cases have been successfully disposed."

He also stood by his claim that the bond has never been guaranteed by the government despite two previous transport ministers, Tun Dr Ling Liong Sik and Tan Sri Chan Kong Choy, who are both being tried for cheating the government, having signed letters of support for the bonds.

The PKA, which Lee left in March 2011, yesterday denied the DAP's claims that it dropped legal action against KDSB for alleged fraud, unconscionable conduct and overcharging in favour of resolving the matter through arbitration.

"There is no decision to drop any of them and these suits will continue in court," a PKA spokeswoman said in response to The Malaysian Insider's request for confirmation from its general manager David Padman.

But the PKA did not address DAP publicity chief Tony Pua's claims that current Transport Minister Datuk Seri Kong Cho Ha directed that all payments which are due to KDSB be paid

to the latter's bondholders despite the decision to withhold payment by the previous PKA board under Lee.

The project, initially tagged estimated at RM1.1 billion after it was mooted by then Transport Minister Dr Ling in 1997, more than quadrupled to RM4.6 billion by 2007.

A position review by top accounting firm PwC revealed in 2009 that the total cost including interest 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 Chan, 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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