

Mahathir: Interest had to be paid for PKFZ land
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KUALA LUMPUR: Former prime minister Tun Dr Mahathir Mohamad told the High Court that additional interest had to be paid for the purchase of land for the Port Klang Free Zone (PKFZ) project.

Either the Port Klang Authority (PKA) or the Government, he said, had to pay interest on top of the RM25 psf (10-year period) or RM25.82 psf for purchase of land over a 15-year period.

He said this after being asked on his understanding of the two valuation letters written by the Valuation and Property Services Department (JPPH) about the land in question.

Asked by lead prosecutor Datuk Tun Abdul Majid Tun Hamzah on the supposed "double interest", Dr Mahathir said RM21 psf was the cash price.

"As the Government was not going to pay cash for the land, a new contract price of RM25 psf was calculated by the JPPH as the terms were not straightforward ones which requested moratorium for the first few years and different amounts to be paid at different times during the tenure of the agreement.

"Using this new contract price, you have to pay interest on top of this price so that when you discount all the payments back, it will reflect the cash price of RM21 psf today (as valued by the JPPH)," he said.

Asked if this meant the interest would raise the cost of the PKFZ land to over RM1.088bil, he said: "Yes."

Disagreeing with Tun Abdul Majid's suggestion that the interest had been taken into account during the calculation of RM25.82 psf for the land, Dr Mahathir repeated: "The increase from RM21 psf to RM25.82 psf was the price worked out due to the terms of payment.

"The increase of RM4.82 here is not interest. It is the increase due to the method of payment. On top of that, they have to pay interest."

He said if it was to be paid for in cash, the price would be RM21 psf.

Accountants, Dr Mahathir added, had a method of calculating the price of land, which, after discounting, would lead to the cash price of RM21 psf in the end.

Asked by Tun Abdul Majid whether both the cash and contract price should have remained the same at RM21 psf like that of a housing loan, he said:

"If you were going to pay normally, yes. But if you change the terms of payment by having periods of no payment and different amounts paid over the years, this kind of calculation is not something any ordinary person can work out. you need an accountant."

To a question if he was a qualified accountant or valuer, he said: "No, I am a doctor. I don't think anyone of us here is a qualified accountant or valuer."

The Cabinet, he stressed, also made its own decision over the land, pointing out that "sometimes, it did not follow exactly as advised by a minister or its officers".

"Officers of the ministries also sometimes do not understand the reasons why the Cabinet made such decisions as they are not privy to all the reasons and discussions in the Cabinet," said Dr Mahathir.

The PKFZ project, he said, was brought up for discussion during the Cabinet meetings, adding that it was interested in the project because it was very good for the country.

"It will enhance investment in the country," said Dr Mahathir, who is the fourth defence witness.

The PKA, he said, could not decide on its own over the land as it was a "big matter", adding that the JPPH would normally be asked to carry out valuation for any project undertaken by the Government.

Dr Mahathir said throughout his tenure as Prime Minister, Tun Dr Ling Liong Sik had "enjoyed his confidence", describing him as not only the former Transport Minister but his close friend as well.

Earlier, Tun Abdul Majid told the media that the Attorney-General had rejected a representation by Dr Ling to reconsider his three cheating charges in view of Dr Mahathir's sworn evidence.

"We do not see any merit in the representation and decided to proceed with the trial," he said, adding that a letter was sent to Dr Ling's defence counsel Wong Kian Kheong last Wednesday.

Dr Ling is alleged to have deceived the Government by not revealing to the Cabinet an additional interest rate of 7.5% annually in the RM1.088bil (at RM25 psf) purchase of the land for the PKFZ project at the Prime Minister's Office in Putrajaya between Sept 25, 2002, and Nov 6, 2002.

Dr Ling, 70, also claimed trial to two alternative charges of cheating, which carry a lesser penalty.

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