

Mindef's project for EC725 helicopters failed to be completed

MalaysiaKini.com

27 November, 2017

AUDIT REPORT | The Defence Ministry's infrastructure plan which includes building a hangar at the Royal Malaysia Air Force (RMAF) base in Kuantan for EC725 helicopters failed to be completed, according to the second series of the 2016 Auditor-General's Report.

The project was implemented via an open tender process. Bella Builders Sdn Bhd won the bid with a contract worth RM108.89 million.

The project was supposed to be completed on January 31, 2014 after a time extension.

However, the project failed to be completed and the contractor's contract was terminated on Dec 8, 2016.

Even after a third-time extension dated May 22, 2014, the project was only completed by 70.7 percent. As of July 26, 2016, 93.1 percent of the project was completed.

Audit checks found that the rest of the project will be completed through another tender.

Feedback from the Public Works Department (PWD) confirmed that the tender process has been started while confirmation on allocation from the Defence Ministry was received on Oct 6, this year.

While Bella Builders offered only RM108.89 million for the project, the audit report found that the company did not fulfill the needs statement, as opposed to Landasan Kapital (M) Sdn Bhd which fulfilled the needs statement although it offered RM118.90 million.

The procurement board had ultimately chosen Bella Builders due to the lower price offered. The board, however, requested that the contractor agreed with all the requirements under the needs statement.

There were disputes, however, in the needs statement between the contractor and the PWD which had led to the delay and increase in costs.

The audit report recommended that the tender valuation be done in a more detailed manner to gauge the contractor's capabilities.

"Continued monitoring must also be done for the contractor and the consultant so that there are no changes which would lead to increase in the cost of the project."

The allocation for the project had been announced in the 10th Malaysia Plan with a cap of RM130.50 million.

The project was in line with the procurement of 12 helicopters worth RM1.43 billion between December 2012 and May 2014.

Eight aircraft were placed at the Kuantan airbase while four others were placed at the RMAF base in Labuan.

As the project was not completed, four out of eight EC725 aircrafts were placed at the alert hangar while the rest are placed at the 17th squadron hangar at the Kuantan airbase.

Copyright © 1999-2016 Mkini Dotcom Sdn. Bhd

Source: <https://www.malaysiakini.com/news/403501>