



**Ling: Transport Ministry was not involved in land pricing**

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Tun Dr Ling Liong Sik appeared before the PAC from about 11 am to 1pm on July 15. The 65-year-old helmed the Transport Ministry from 1986 to 2003 and appeared before his counterpart and present Transport Minister Datuk Seri Ong Tee Keat.

Initially, Ong was scheduled to appear before Ling but due to unavoidable circumstances, Ong's appearance before the committee was moved to a later time.

#### **- ON LAND ACQUISITION**

Ling refuted claims that his ministry had direct involvement in the valuation and final pricing of the land embroiled in the Port Klang Free Zone (PKFZ) scandal. DAP's PJ Utara MP Tony Pua asked why the Port Klang Authority (PKA), which is under Ministry of Transport (MOT), insisted on buying the 999.5 acres (399.8ha) at RM25 per sq ft, instead of RM10.

It also appears that the Attorney-General's (A-G) Chambers and the Ministry of Finance (MoF) had strongly recommended the Land Acquisition Act to be used to acquire the plot of land.

"You were actually recommended by the valuation department supported by the (MoF) as well as the A-G. Is there a reason why the higher price was supported," asked PAC member Pua.

To this, Ling said it was hindsight.

"After the whole thing blew up, we all try to refresh our memories as to what happened ... yes, A-G said buy it out of land acquisition at RM10.60 or something like that. Then the Selangor state government said no because there is already a Development Order on that piece of land," said Ling.

"You cannot use the Acquisition Act to acquire a piece of land which has a Development Order on it.

"These are the sort of the things we read about, but those are technical things which we do not

know which are right or wrong," he added.

When probed further on MOT's level of involvement in the acquisition of land, Ling maintained his stand by saying neither MOT nor the minister (then Ling) were involved in the final approval of the pricing of the land at RM25 per sq ft.

"As far as (I'm) concerned, no. The minister is not involved. The main agency would be Treasury. They are the ones who are in charge," said Ling.

## **- ON THE BONDS**

Ling claims he does not remember if there were other options to finance the land acquisition process.

According to a PricewaterhouseCoopers (PWC) Report in 2001, the cabinet decided that the project would have to be self-financed and that PKA is supposed to issue the government guaranteed bonds but it was subsequently changed to PKA buying from Kuala Dimensi Sdn Bhd (KDSB) on a deferred payment and pay interest.

"Was it during my time, did I sign anything to approve that action? Because whatever we approve must have gone through due process," said Ling.

PWC reported that on June 12, 2001, MoF directed that the land should be compulsorily acquired and recommended the development cost be funded by PKA issuing government guaranteed bonds.

However, in the end, the land was bought without the compulsory acquisition, which means the land was bought directly and the funding was from the seller at a higher interest rate of 7.5% instead of government-issued bond at an interest rate of 4.2%.

PKA had paid RM1.09 billion for the land to be settled via deferred payments over 15 years on the basis that PKA was supposedly backed by a government guarantee.

Based on the supposedly government guarantee, KDSB sold bonds worth RM1.31 billion. KDSB was then awarded the contract by PKA to develop the land, leading KDSB to issue bonds

amounting to RM1.4 billion.

Two more (batches of) bonds worth more than RM1 billion were issued to finance the construction.

**- ON KDSB BEING AWARDED THE CONTRACT**

KDSB, a company owned by Datuk Seri Tiong King Sing who is the current Parliament's Backbenchers' Club chairman, was first awarded the contract in February 2007. PKA signed a development agreement with KDSB to develop the first 400 acres of PKFZ.

When asked the reasons why KDSB was chosen without opening competitive bids, Ling did not comment as he said he could not recall the exact details of the entire process and was not prepared to comment on the matter.

When asked if he had heard of KDSB before he left the ministry, Ling said "I may have heard about it".

He also said he did not remember using the services of KDSB's group of companies, such as Wijaya Baru Sdn Bhd.

"I have very vague memory of KDSB, to say I never (have) heard of KDSB would be untrue but to say that I remember what they were doing is not true," said Ling.

**- ON PKA FORMER GENERAL MANAGER O.C. PHANG**

Ling admitted that Phang was a reliable officer but refuted claims that most of the decisions on PKFZ was made by Phang and by-passed Ling.

"I would not choose to make any comment on something I'm not sure of. That is too serious," said Ling, adding that he met Phang every week during post cabinet meetings.

Ling, however, agreed that the management of PKFZ and PKA was largely left to its boards.

"Yes, there was a board of PKFZ, there was a board of PKA and there were all the other ministries and agencies represented were also knowledgeable on financial matters. A lot of these things have been done by them," he said.

**- QUESTIONS TO WHICH LING'S RESPONSE WAS: "I DON'T REMEMBER/KNOW/RECALL"**

**PAC chairman Datuk Seri Azmi Khalid:** Would you recall ... There was a point where it was mentioned that even RM25 (per sq ft); it was still viable in terms of ...?

**Ling:** It is a little complicated ... To pinpoint exactly when, where, how and why, I think it is a little bit difficult.

**Selayang (PKR) MP William Leong Jee Keen:** Tun, just for clarification. You were saying that you identified 1,000 acres and that you need to have it ... Are you saying that this is the only 1,000 acres in Pulau Indah or were there also other available pieces of land if the price is too high ...?

**Ling:** What I meant was this was one piece that was offered to us. Whether there were other pieces, I really do not know.

**Kapit (BN-PBB) MP Alexander Nanta Linggi:** ... can you remember at what stage the project was implemented up to the point when you left the ministry?

**Ling:** ... it was May. That's the last thing I remember of that project because you (I) have nothing else more to do with it.

**Azmi Khalid:** At that stage when you left, what stage was the development? ...

**Ling:** I really wouldn't know.

**Leong:** Tun, according to the PriceWaterhouseCoopers Report in 2001, the cabinet decided that the project would have to be self-financing ... Wouldn't it be cheaper for PKA to have gone through the process of their government guaranteed bond?

**Ling:** Was it during my time? Did I sign anything to approve that action? (Ling reiterated that the approvals for the land acquisition had to go through the right processes and the right agencies.)

**Leong:** That is my point, in the due process, when it came to your ministry's table for you to also make a decision, do you recall this issue?

**Ling:** Is there evidence that it came and that happened?

**Kota Belud (BN-Umno) MP Datuk Abd. Rahman Dahlan:** Tun, are you aware that there were other options to finance the land acquisitions. Are you aware that there was a cheaper way of doing things?

**Ling:** I can't remember.

**Azmi Khalid:** KDSB as the developer only needed a capital to develop the site and it could have been raised either through the government guaranteed bonds or through their own channel. My question is, was the ministry informed of any of the decisions?

**Ling:** I really can't remember.

**Kepong (DAP) MP Dr Tan Seng Giaw:** Tun, can you confirm that the idea (PKFZ) was conceived actually before 1999 ...?

**Ling:** I am not sure.

**Tan:** You're not sure huh?

**Ling:** I am not sure because I became a minister in 1986 and anything that happened after 1986, of course like you (I) cannot be sure (to) pinpoint (if) it is 1987, 1988, no, I must apologise, I cannot remember.

**Tan:** Leading to the time on May 28, your last day, you said that a letter was handed, who wrote that letter for you?

**Ling:** I can't remember but I remember I signed the letter that was passed to me.

**PJ Utara (DAP) MP Tony Pua:** Why were there no competitive bid (apart from KDSB) and what was the strength of KDSB ...?

**Ling:** Frankly, I cannot remember those details. I would like to know myself but there must have been certain grounds.

**Pua:** Tun, is it the usual process to award to a single contractor or is it (usual) to have a competitive open tender? ...

**Ling:** I am not prepared to comment because I really cannot remember the circumstances.

**Tan:** How many times did you visit Jebel Ali?

**Ling:** You know, I cannot remember but I visited Jebel Ali at least once.

**Pua:** As a matter of record, are there any benefits which under KDSB and its owner Datuk Seri Tiong King Sing and the group of companies like Wijaya Baru Sdn Bhd ... which you have taken? Example flights or entertainment?

**Ling:** Nothing at all that I can remember.

**Tan:** Tun, you said you have heard of KDSB. During your time, was there any attempt by KDSB to develop the infrastructure of Pulau Indah?

**Ling:** I cannot remember.

**Tan:** Tun, did you know that the bonds would be issued?

**Ling:** I may have heard of it but...

**Tan:** You could not recall.

**Ling:** No. No.

**Azmi Khalid:** The bond was issued after your time. Am I right?

**Ling:** The only possible connection was through that Letter of Support which we gave a reply after due consultation with the secretary general and legal officers.

**Tan:** Were you aware that in 1999, the cabinet made the decision that it (PKFZ) should be self-financed when they approved that RM1.9 billion (loan) for that project?

**Ling:** Did they ever approve that RM1.9 billion?