

PKFZ on drive to spruce up project's image

Port Klang Free Zone on drive to spruce up project's image

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PORT Klang Free Zone Sdn Bhd (PKFZ), which manages and markets the RM4.6 billion free zone in Pulau Indah, Selangor, has begun a campaign to allay negative perceptions about it and its operations.

It is in talks with potential investors and working with trade associations to win them over after being recently hit by controversies surrounding the project, a senior PKFZ official said.

Critics of the project had questioned the project's development cost which had ballooned from an original estimate of RM100 million to RM4.6 billion, including land acquisition.

"When investors ask me about the controversies (involving the cost of developing the project), I ask them whether they are a politician or a businessman ... because invariably a businessman

will see the viability of the development," PKFZ general manager for business development Chia Kon Leong told Business Times yesterday.

He was speaking after a visit by the Public Accounts Committee (PAC), which is investigating the PKFZ project's operations following recent controversies.

A 16-member delegation comprising members from the Audit Department, the Finance Ministry and PAC headed by Datuk Shahrir Abdul Samad, had toured the PKFZ site earlier.

Shahrir, after the meeting, questioned why a provision had been made in the PKFZ project for additional expenditure of 20 per cent to be factored into the RM2.8 billion development cost.

"We are curious about this 20 per cent provision. This has been factored into the RM2.8 billion development cost," he added.

He said the Port Klang Authority, which owns the free zone, has

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*Datuk Shahrir Abdul Samad
Chairman
Public Accounts Committee*



agreed to get back to the PAC with an explanation for the provision.

Shahrir said the PAC was satisfied with explanations so far, but he added: "We are not finished with PKFZ. We will have a briefing with the Attorney General.

"Then we will look at other areas before we table a report to

the Dewan Rakyat."

"We are not a group of anti-development people. We are interested in the financial procedure. We want to know how the cost overrun occurred in a government project," he said.

The project first raised eyebrows when PKA bought 405ha in

Pulau Indah in 2002 for RM1.088 billion, or RM25 per sq ft from Kuala Dimensi Sdn Bhd.

The land purchase was followed by RM1.845 billion in costs for the development of the zone.

In July, the then zone operator Jebel Ali Free Zone Authority withdrew from a contract to manage the PKFZ.

Last month, the Transport Ministry said the government had agreed to extend a loan for an unspecified amount to PKA to help cover the cost of the project which had ballooned to RM4.6 billion.

To date, PKFZ has 32 confirmed investors, taking up 31.2ha of open land for development and investing some RM725 million into the free zone.

Chia said there are another 12 customers that have booked 98 acres for construction.

These investors are in the process of obtaining licensing, but have not signed any agreement or put up a deposit with PKFZ.