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🕒 Sunday, Mar 31 2019



The Pakatan Harapan (PH) government has saved RM805.99 million after re-negotiating 121

KUALA LUMPUR: The Pakatan Harapan (PH) government has saved RM805.99 million after re-negotiating 121 infrastructure projects.



The 122 infrastructure projects valued at RM13.93 billion were offered through direct negotiations and limited tenders previously by the Barisan Nasional (BN) government.

These infrastructure projects exclude mega projects such as the Light Rail Transit 3 (LRT3) project costing RM31.65 billion and the Mass Rapid Transit 2 (MRT2) project costing RM39.35 billion, each was lowered to RM16.63 billion and RM30.53 billion, respectively. The total costs saved from both projects amounted to RM23.84 billion.

The Ministry of Finance (MoF) said this followed the June 29, 2018 announcement on several initial steps sought to improve the governance of government procurement and country's financial management, including reviewing projects offered on limited tenders and direct negotiations by the previous government.

"Based on the review, the government decided to undertake open tenders for limited tender and direct negotiation projects that have not yet been issued Letters of Acceptance (SST).

"In the meantime, for 121 limited tender and direct negotiation projects that had been issued SSTs, additional agreements will be finalised at the end of March 2019 after the prices were re-negotiated as a rationalisation of the project costs, while reducing pressure on the government's fiscal position," it said in a statement today.

"Now all the details will be dealt with by the respective ministries that handle the projects and will not involve the MoF anymore.

"Mindful of the current developments, the MoF is confident that the implementation of the government's procurement through open tender in the near future will provide the best cost and value-added benefits to the government and the people.

"The old method of awarding contracts is maintained, but the only difference is that open tender is conducted to replace direct negotiation or limited tender award practice except for emergency factors, specific expertise needed or special reasons.

"For example, a contract offered to a Grade G1 contractor (formerly known as Class F Contractor) is still the same, except that it is only conducted in open competition among Grade G1 contractors and not as before, i.e. through direct negotiation or with the need to obtain a signature of consent from divisional heads of political parties.

"The MoF will always take a comprehensive initiative to ensure that government procurement abides by the principles of Efficient, Accountability and Transparency," it said.



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