



**CHAIRPERSON OF PUBLIC ACCOUNTS
COMMITTEE (PAC)
CUM MEMBER OF PARLIAMENT FOR
ROMPIN**
PUBLIC ACCOUNTS COMMITTEE OFFICE
PARLIAMENT OF MALAYSIA, JALAN PARLIMEN
50680 KUALA LUMPUR

Tel : 03-2601 7263 / 2698 6852 (DL)
Fax : 03-2698 9218
Email : pacparlimen@parlimen.gov.my
Website : <http://www.parlimen.gov.my/pac>

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PRESS STATEMENT BY THE HONOURABLE DATO' SRI HASAN BIN ARIFIN, CHAIRMAN OF PUBLIC ACCOUNTS COMMITTEE (PAC) OF THE PARLIAMENT REGARDING THE TABLING OF PAC REPORT ON THE AGRICULTURE NKEA PROJECT: EPP 6 - REPLICATION OF IZAQ UNDER THE MINISTRY OF AGRICULTURE AND AGRO-BASED INDUSTRY

- 1) PAC tabled the PAC report on the Agriculture NKEA Project: EPP 6 - Replication of IZAQ under the Ministry of Agriculture and Agro-Based Industry at the House of Representatives today.
- 2) The issue was raised in the Auditor General's Report 2014 Series 2, tabled in the House of Representatives on 15 June 2015.
- 3) PAC called for proceedings on this issue, on 1 November 2016 and Datuk Seri Dr Ismail Bakar, the Secretary General of the Ministry of Agriculture and Agro-Based Industry at that time, was present before the PAC to give explanations on the issues raised in relation to the Agriculture NKEA Project: EPP 6 - Replication of IZAQ.
- 4) In the proceedings, PAC raised the following issues:

a. The Leading Company Received 2 Financing Funds from The Government for The Same Project.

Shrimp farming in Selinsing Aquaculture Complex (KAS) and Pulau Gula Aquaculture Complex (APG) Kerian, Perak by Hannan Corporation Sdn. Bhd. (HCSB) has acquired two sources of funding, namely from the Northern Corridor Implementation Authority (NCIA) and NKEA.

For the purpose of funding from the NCIA, the company was informed that the cost of the project worth RM150 million and a contract has been signed in January 2011.

While under NKEA, the company stated that the cost of the project is RM353 million and the contract was implemented starting October 2011.

So far, the amount paid by the NCIA and NKEA to the respective companies amounting to RM25.18 million and RM31.24 million.

It was noted that the company made a claim for the same components from the two agencies, the NCIA and NKEA. In addition, the company also does not have the expertise and experience related to the fishing industry.

- 5) In this regard, PAC has summarised that:
- a) Confirmation of a few facts need to be made such as the loan from NCIA, whether it is a loan or a soft loan that can be converted into government grants in order to avoid confusion.
 - b) Therefore, the MOA, the NKEA and the NCIA are expected to provide clear and accurate information to the National Audit Department (NAD).
- 6) The recommendations by PAC:
- a) PAC decided that NAD has to prepare a detailed report to the PAC related to the issues discussed.
 - b) PAC agreed with the opinion of NAD that a third party should be appointed to re-evaluate the cost of the project as well as claim by HCSB.
 - c) The existing SOP should be reviewed and made improvements to ensure the government rules and regulations that are being enforced to be complied with.
 - d) PAC will examine the report of MACC for improvement.
- 7) For those who like to read further on the PAC Report on the Agriculture National Key Economic Areas (NKEA) Project: EPP 6 – Replication of IZAQ under the Ministry of Agriculture and Agro-Based Industry, it is available for download at www.parlimen.gov.my/pac.