



29 February 2024

## **PAC WEEKLY MEDIA STATEMENT**

1. The Public Accounts Committee (PAC) today tabled the PAC Report on the Follow-up Actions of the Ministry of Defence Malaysia (MINDEF) for the PAC Recommendations Regarding the Progress of the Second-Generation Patrol Vessel Development Project - Littoral Combat Ship (LCS) of the Royal Malaysian Navy (TLDM) for the period from October 2022 to May 2023 and from June to September 2023.
2. This report is to inform the follow-up action taken by MINDEF against the PAC recommendations in 2 PAC reports related to LCS, namely DR.6/2023 which was tabled in the Parliament on 9 October 2023 and DR.13/2023 which was tabled in the Parliament on 14 November 2023.
3. In every follow-up action over the recommendations of the PAC report, the Committee also provides feedback on the follow-up actions. For the PAC Report DR.6/2023, there are 6 PAC recommendations. Meanwhile, PAC Report DR.13/2023 has 5 recommendations from this Committee.
4. PAC has conducted follow-up proceeding of MINDEF on 24 January 2024 and the witnesses were Datuk Seri Isham bin Ishak, Secretary-General of MINDEF and Captain (B) Ir. Azhar Jumaat, Chief Executive Officer of Boustead Naval Shipyard (BNS).
5. In the follow-up proceedings, PAC was informed that the issue of detailed design still failed to be finalised by the Ministry with the French Naval Group.
6. PAC's main concern is that the construction of the LCS ship continues to be late and MINDEF informs that as of December 2023, this project has been delayed by 86 days reaching 67.28% compared to the New Timeline Schedule set by MINDEF which is 68.77%.

7. PAC would also like to inform that with the acquisition of BNS by Ocean Sunshine Bhd. owned by the Minister of Finance Incorporated on 18 August 2023, BNS contractor previously owned by Boustead Heavy Industries Corporation Bhd. was renamed to Lumut Naval Shipyard (LUNAS).
8. The public can read the PAC follow-up action by visiting the PAC website at [www.parlimen.gov.my/pac](http://www.parlimen.gov.my/pac).

### **Proceedings on the Implementation of the Multi-Lane Free Flow (MLFF) System Project**

9. I would also like to inform that PAC has initiated proceedings regarding the Implementation of the Multi-Lane Free Flow (MLFF) System Project under the Ministry of Public Works and the Malaysian Highway Authority on 26 February 2024.
10. This issue was not reported in the Auditor General's Report (LKAN), hence the proceedings are conducted in accordance with Standing Order (SO) 77(1)(d), SO 83(2), the Treasury Instruction (Amendment 2023) 301 and Section III Article 11(b) General Circular No.2 Year 1982 Organisation of Ministries.
11. This is the second time that PAC conducted proceedings that were not reported in the LKAN in addition to the Management of Training Funds and the Effectiveness of the HRD Corporation (HRD Corp.) Training Programme proceedings that are still ongoing since 23 October 2023, which also use the same source of authority.
12. The Proceedings of the Management of Training Funds and the Effectiveness of the HRD Corporation (HRD Corp.) Training Programme have been held 7 times involving witnesses consisting of the Deputy Secretary General (Policy and International) of the Ministry of Human Resources, former Chairman of the Board of Directors of HRD Corp, Members of the Board of Directors of HRD Corp, former Members of the Board of Directors of HRD Corp, the Chief Executive of HRD Corp and the former Chief Executive of HRD Corp.

13. For the MLFF proceedings, the witnesses who have been summoned for the first proceedings on 26 February 2024 are:
- i. **YBhg. Dato' Zahrul Hakim bin Abdullah**, Deputy Secretary-General (TKSU) (Policy and Development), Ministry of Public Works (KKR);
  - ii. **YBhg. Dato' Sazali bin Harun**, Director General, Malaysian Highway Authority (LLM); and
  - iii. **YBrs. Mr. Ir. Khairulanuar bin Muhari**, Head of Special Task Force MLFF, LLM.
14. PAC will continue the MLFF Project Implementation proceedings by holding 3 separate proceedings for this issue on 25 March 2024 by calling witnesses as follows:
- i. **YBhg. Datuk Zakaria bin Ahmad Zabidi**, President of the Malaysian Highway Concessionaires Association;
  - ii. **YBhg. Dato' Sri Azmi Abdul Aziz**, Project Director of the Konsortium Jaringan Selangor Sdn. Bhd.;
  - iii. **YBrs. Mr. Zaharin bin Hamzah**, Chief Executive Officer of SEP Synergy Group (M) Sdn. Bhd.; and
  - iv. **YBhg. Dato' Shamsul Azri bin Abu Bakar**, Director General of the Public Private Partnership Unit (UKAS).

Thank you.

Honourable Datuk Wira Mas Ermieyati binti Samsudin  
Chairman of PAC