

1. Civil service's lack of action top grouse

PUTRAJAYA: Delays in taking action and failure in enforcement are the most frequent complaints made by the public against the civil service.

According to the Public Complaints Bureau (PCB), 36 per cent of complaints received as of November last year were on late or no action by government agencies and departments, and 13 per cent were on lack of enforcement.

Other complaints on government service filed with PCB included failure to adhere to procedures, unsatisfactory manpower quality, lack of public amenities, unfair action, inadequacies in policy implementation, abuse of power and staff misconduct.

PCB director-general Datuk Raihan Sharif said the bureau received an average of between 500 and 600 complaints every month.

"We have seen a significant decrease in the number of complaints lodged over the last four years.

"In 2011, we received 13,256 complaints. The number dropped to 12,546 the following year. A total of 9,379 complaints were filed in 2013 and 7,000 in 2014. As of November last year, 5,895 complaints were received.

"Topping the list of complaints were those on unresponsiveness and lack of enforcement.

"Since 2011, we have resolved more than 90 per cent of complaints filed annually. Up to November last year, 93.1 per cent of complaints were resolved," he told the *New Straits Times*.

He said the main factor in the reduction of complaints was improvements to the public complaints management system known as "Sispaa" (Sistem Pengurusan Aduan Awam).

Sispaa is an online system where people can register and file their complaints.

The complaints are then accessed by PCB, ministries, government agencies and state governments.

"Sispaa was developed in 2013 and became operational in 2014.

"Once a person files a complaint via Sispaa, it will be automatically saved in the system and can be viewed by ministries or agencies.

"We also alert ministries or agencies to remind them to address the complaint and take action.

"Previously, the system could be accessed only by PCB. This resulted in complaints taking longer to be addressed by the relevant departments or agencies," said Raihan.

The bureau's guidelines require that every complaint received be resolved within 15 days.

If the complaint is not resolved within the time frame stipulated under standard operating procedures, PCB will contact the agency in question to set up a meeting and demand an explanation.

However, this depends on the complexity of a case.

Raihan said complaints that were categorised as easy must be resolved immediately, while those categorised as medium had to be resolved within 15 days.

He said complicated complaints could take more than 15 days to be resolved.

"Such cases include those related to financial allocation or legal amendments. There have been complaints on illegals in Cameron Highlands, which is a difficult case. The agencies involved may be given up to a year to address complicated cases.

"The complainant will be informed of the progress and outcome of the case. We will also ask the complainant to fill out a feedback form on how the complaint was addressed.

"However, if certain issues cannot be resolved, we will notify the complainant and provide an explanation."

He said there were several types of complaints that could not be channelled to PCB, such as those on government policies and court cases.

"For instance, there have been complaints filed by people who were unsatisfied with the implementation of the Goods and Services Tax (GST). However, we cannot address the issue as GST falls under government policy.

"There have also been complaints on 1Malaysia Development Bhd. That, too, is beyond our jurisdiction, as the case is handled by the Malaysian Anti-Corruption Commission."

Raihan added that if a complaint was on a matter of public interest, it would be brought to the Permanent Committee on Public Complaints, chaired by Chief Secretary to the Government Tan Sri Dr Ali Hamsa.

He said some ministries and agencies had shown improvement in handling complaints, citing the Health Ministry, Road Transport Department, Land Public Transport Commission and Malacca government office as examples.

He said this was due to enhancement in manpower and efficiency of Sispaa.

He said PCB was upgrading the system to improve the quality of its services and ensure that complaints were addressed.

The system is subscribed to by 41 ministries, government departments and state governments.

"At the moment, not all ministries and agencies subscribe to Sispaa, as they have their own public complaints systems.

"They include the Urban Wellbeing, Housing and Local Government Ministry, and several local authorities, municipal councils and state governments.

"We have discussed the matter with them, and hope that all agencies will use Sispaa and their respective systems simultaneously by next year at the latest.

"We believe that such a move will boost the management of public complaints, as well as increase effectiveness in resolving issues."

Those who wish to file complaints can visit the PCB website at www.pcb.gov.my and click on the Sispaa link or visit a ministry's website and click on the Public Complaints and Feedback link.

After registering and filing the complaints, complainants will be given a case number.

PCB will send a letter to complainants to acknowledge that their complaints have been received, as well as a letter to the agencies involved to urge that action be taken. Following this, an investigation will be carried out.

All correspondence on a case will be made in duplicate copies, with a copy sent to the complainants to update them on the case's progress.

NEW STRAITS TIMES Tuesday, 5 January, 2016

2. Police report lodged on leak of data involving 300,000 SPM and STPM candidates

PUTRAJAYA: A police report has been lodged today on a leak of data involving 300,000 Sijil Pelajaran Malaysia (SPM) and Sijil Tinggi Persekolahan Malaysia (STPM) candidates.

Education Ministry's Daily School Management Division director Abdullah Mad Yunus lodged the report at about 6pm.

Abdullah said the report was made so that the police could conduct their probe and determine whether the leak was an inside job, or whether there were other ways which the data could have been obtained.

"Since the matter was brought to the ministry's attention, several meetings have been called to deliberate further on it," he told reporters who had waited for about an hour outside the police headquarters here.

When asked the motive behind the leak, Abdullah said the ministry was unsure but did not exclude the possibility it could be used by private higher education institutions to recruit potential students.

"The data can be accessed anywhere but the data is only used by the respective schools for its own management purposes, thus the ministry is concerned about the misuse of the data.

"The ministry has not carried out its own investigations, so we are hoping the police investigation can help to find out more about the matter," he said.

He added the ministry could not yet determine the implications following the leak.

However, so far parents have not come forward with any complaints, he added.

It was reported that the data leak involved some 300,000 Sijil Pelajaran and Sijil Tinggi Persekolahan Malaysia candidates.

The data, considered private and confidential was reportedly sold to private higher institutions for marketing purposes.

3. Elements of corruption found in Pahang bauxite mining activities: MACC

KUALA LUMPUR: Elements of corruption have been found in Pahang bauxite mining activities, said the Malaysian Anti-Corruption Commission (MACC) today.

MACC in a statement said its investigations revealed corruption was practiced by several parties involved, and that it would not hesitate to take action against those involved in the graft practices and abuse of power.

MACC said that those found guilty will be charged under MACC Act 2009 following reports made by members of the public.

Earlier today, Environment and Natural Resources Minister Datuk Seri Wan Junaidi Tuanku Jaafar said that all bauxite-mining activities in Kuantan will be suspended for three months starting Jan 15.

Wan Junaidi added that the government had ceased approving all Approved Permits (APs) for the mining activities last week.

The three months grace period is to allow companies to clear their stockpile as well as to give the ministry time to implement required measures and systems to better manage their operations.

4. PM tells Health Ministry to get cracking on Hospital Tengku Ampuan Afzan air-con failure

KUALA LUMPUR: Prime Minister Datuk Seri Najib Razak has instructed the Health Ministry to take speedy remedial action on the air-conditioning failure at Hospital Tengku Ampuan Afzan's (HTAA) intensive care.

"The Health Ministry, Datuk Seri Dr S Subramaniam, (Datuk Dr) Noor Hisham Abdullah, please take immediate action and speed up reparation works as well as temporary measures to deal with this matter," he wrote on his Facebook and Twitter accounts today.

Najib was responding to a report by The Star regarding the ordeal that patients at HTAA's ICU unit had to endure as the air-conditioning in the hospital was on the fritz.

According to the report, the hospital staff had opened windows to allow in fresh air but mosquitoes and flies that bring along fatal infections became another issue - while reparation works would reportedly take 18 months.

Meanwhile, in an immediate response, Health Ministry director-general Datuk Dr Noor Hisham Abdullah said plans to replace the current air-conditioning system in the main block of HTAA are underway.

He also urged all relevant parties, in particular the Public Works Department and the Health Ministry's development department, to deal with this challenge as an emergency or semi emergency situation in view of the urgency and the consequences of the matter.

"Although, I was told a tender advertisement was published on Nov 9, 2015 and the replacement work is expected to commence in March 2016 and will take 18 months to complete," he said in a statement on his Facebook page yesterday.

"Due to the malfunction of the centralised air-conditioning system in the main block of HTAA, understandably many patients and staff alike feel uncomfortable and hence the quality of clinical services has been affected."

On temporary measures adopted since last year, Dr Noor Hisham said five split air-conditioning units and two split air-conditioning units were installed at the Special Care Nursery and Paediatric Intensive Care Unit (PICU), respectively.

Aside from that, two portable air-conditioning units were put in place at the ICU.

Dr Noor Hisham said the hospital has proposed adding a further five split air-conditioning units in ICU and two split air-conditioning units with air curtains for PICU.

"The installation will be completed by this weekend," he added.

New STRAITS TIMES Sunday, 10 January, 2016

5. Brand new Kuala Terengganu hospital to open its doors in October

KUALA TERENGGANU: The new RM184 million Kuala Terengganu Specialist (KTS) Hospital will help reduce congestion at the main government referral hospital and offer comprehensive healthcare when it opens its doors in October.

Menteri Besar Datuk Seri Ahmad Razif Abdul Rahman said the KTS Hospital on a 34,000sq metre plot in Jalan Sultan Mahmud, Batu Burok is 97 per cent complete after construction began on Nov 26, 2012.

"There will be ample facilities for cardiac, paediatric, skin, ear-nose-and-throat, cancer, diabetic, dieting, endoscopic, pathology, multi-resonance imaging, vacular, surgical theatre and intensive care.

"This hospital will offer an alternative platform for specialised and personalised first-class healthcare, thus, helping to reduce dependance on the state's main referral hospital - the Sultanah Nur Zahirah Hospital," he said after a working visit to the KTS Hospital.

When ready, he added, the new eight-storey hospital would replace the existing 33-bed one in Jalan Kamaruddin, which is being rented, which has been unable to cope with demand for patients.

The new KTS Hospital will have 130 beds, five operating theatres, five maternity rooms, one testing laboratory, one intensive care unit with 12 beds, one infant care unit with 19 beds and 25 ultra-modern clinics to complement a host of specialists and consultants.

"In short, the hospital will have all the modern, sophisticated and latest equipment to offer top notch, quality healthcare at affordable rates.

"In fact, the hospital is designed to meet European and American standards with single rooms for patients to offer privacy and prevent the spread of contagious diseases.

"It is now hiring a host of personnel of various medical fields, thus, offering more job opportunities, including for retirees" said Razif, adding that it planned to list the hospital on Bursa Malaysia next year.

KTS Hospital is managed by state-owned TDM Berhad which also operates the Kuantan Medical Centre in Pahang, the Kelana Jaya Medical Centre in Petaling Jaya and Taman Desa Medical Centre in Kuala Lumpur.

NEW STRAITS TIMES Monday, 11 January, 2016

6. PM to head group to optimise expenditure for govt projects

PUTRAJAYA: Prime Minister Datuk Seri Najib Razak will head a small group to look into optimising projects involving government agencies and departments.

The group will also look into delays that have occurred and to reviews the processes involved.

Najib, who attended the Prime Minister's Department's monthly meeting this morning, said this group was needed as it would help to optimise the expenditures for such projects.

He said: "If there is a problem with the process we will review it. I have also asked the Implementation Coordination Unit (ICU) to form a secretariat for this."

This group, Najib said, would be chaired by him, Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi and Chief Secretary to the Government Tan Sri Dr Ali Hamsa.

At the same time, the prime minister also called on civil servants to optimise their spending as Malaysia would see a challenging year ahead due to the plunging world oil prices.

Reiterating that it was necessary to adjust the 2016 Budget tabled in October last year, Najib said civil servants should always 'think out of the box' as this would help to increase their productivity.

He added that by being creative and innovative, civil servants would be able to increase their productivity levels in ministries, agencies and departments while benefitting the country as a whole.

It was the first monthly meeting of the year for the Prime Minister's Department.

Also present were Chief Secretary to the Government Tan Sri Dr Ali Hamsa and Public Services Department (PSD) director-general Tan Sri Mohamad Zabidi Zainal.

7. Service of govt contract staff will not be terminated in December, says Ali Hamsa

KUALA LUMPUR: Chief Secretary to the Government Tan Sri Dr Ali Hamsa today denied reports claiming that government contract workers would have their services terminated by December this year.

He said the government did not intend to terminate the contracts of its staff this year.

"It's a false news and a lie spread by irresponsible individuals with no authority," he said in a statement here today.

A news portal reported today that government contract workers would not have their contract renewed, but instead would find it to be terminated from December this year.

The portal, citing sources, said the information was obtained from a meeting on Monday morning. --
Bernama

8. '1MDB ready to focus on its goal'

KUALA LUMPUR: After much trial and tribulation, 1Malaysia Development Bhd (1MDB) has emerged from a critical phase with all its financial obligations met, and is ready to grow its core property businesses.

"Although there are still noises out there from the opposition and certain segments of the media, to me there are no more issues for 1MDB," president and group executive director Arul Kanda, 39, said.

In an exclusive interview with the *New Straits Times* (**Q&A on B4 & B5**) and *Berita Harian* at his office here yesterday, he said 1MDB had fulfilled its interests and principal payments and the debts were now matched with assets.

"We now have three independent companies with growth development prospects.

"The worst is over for 1MDB," he said.

1MDB completed its strategic rationalisation plan on New Year's Eve to help settle its RM42 billion debt.

The plan involved a debt-asset swap with International Petroleum Investment Company for RM16 billion, the sale of its entire energy assets under Edra Energy to China General Nuclear Corp for RM9.83 billion, and the sale of a 60 per cent stake in Bandar Malaysia to a consortium comprising of Iskandar Waterfront and China Railway Engineering Corp for RM7.41 billion.

In his 2016 New Year message, Prime Minister Datuk Seri Najib Razak pointed out that the challenges facing 1MDB had been resolved.

"It is, therefore, clear that 1MDB's major challenges are now behind it, as I promised they would be last summer, and all that remains is for the deals it has entered into to be completed and the final steps of 1MDB's rationalisation programme to complete," said Najib.

Arul, a former investment banker based in the Middle East, said all transactions were important for 1MDB to reduce the RM42 billion debt and it now had assets, and offers value to both local and foreign investors.

"Looking at the mission and vision of 1MDB, it is now our duty to become the catalyst for the entities which will be wholly owned by the Finance Ministry and we have sowed the seeds for the future," he said.

The standalone companies can now have the freedom to carry out their businesses without being bogged down by all the slander and negative brickbats hurled at 1MDB, said the KL-born Arul, who had never worked in Malaysia until he was hired to head 1MDB in January 2015. He said the critical phase started in November 2014 when 1MDB was unable to list its energy assets.

This was followed by attacks by the opposition and some segments of the media throughout 2014. At the same time the firm was subject to five separate investigations by the authorities.

"Now all that is over and we have come out of the critical phase. 1MDB will now focus on becoming a pure property player in the country focusing on existing projects at the Tun Razak Exchange and Bandar Malaysia," said Arul, who is married with two daughters.

Arul said, in hindsight, 1MDB had a lot of local and foreign investors who were interested but they had to walk away as the issue was too hot for them.

"Arguably, we could have gotten better value for Edra Energy, Bandar Malaysia and the land in TRX and I would say yes, we would not have this problem if it had not been for the opposition which politicised this issue," he said, stressing that 1MDB was purely a business issue.

Arul said it was always easy to criticise, but those who criticised were often not willing to be part of the solution.

"What suggestions have you given to help solve the problems? Because however you slice it, ultimately it is a government company, and any loss or revenue goes to the government and then to the rakyat.

"I can understand that you want to highlight things that appear to be wrong. At the same time you have to help solve the problems and not make it worse in order to preserve value for the rakyat," the former Royal Military College student said.

Arul said he had always held strongly to facts and thanked the 1MDB team for being united and standing behind him all this while.

When asked if he had any regrets in taking over 1MDB, Arul said: "Not at all. I do not regret it one bit because I feel I was part of the solution. As a Malaysian with the skill sets that I have, it is my responsibility to do my best." **Additional reporting by Amir Hisyam Rasid and Koi Kye Lee**

9. 1MDB: BMSB Sukuk proceeds used in accordance with terms

KUALA LUMPUR: 1Malaysia Development Bhd (1MDB) has denied claims by PKR secretary-general Rafizi Ramli that proceeds from the Bandar Malaysia Sdn Bhd Sukuk (BMSB Sukuk) may not have been properly utilised by the strategic development company.

In a statement issued yesterday, 1MDB said the proceeds raised by BMSB had been utilised in accordance with the terms of the Sukuk Programme Agreement, which included:

PART financing the cost of the Kuala Lumpur airbase relocation project,

PRE-FUNDING the fees and expenses of the Sukuk Programme,

FUNDING the requisite financing reserve accounts, and,

WORKING capital requirements of 1MDB Real Estate Sdn Bhd (now known as TRX City Sdn Bhd)

The statement also blasted Rafizi, who was described as "seemingly intent on competing with DAP lawmaker Tony Pua to see who can mislead the Malaysian public more with sensationalist half-truths and unproven claims relating to 1MDB business affairs".

"Rafizi is concerned that a foreign company may be involved in the airbase relocation project.

"He has conveniently ignored the detailed statement issued by 1MDB on Jan 6, which in no uncertain terms, makes clear that this will not be the case."

The 1MDB statement pointed out that Perbadanan Perwira Hartanah Malaysia (PPHM), a 100 per cent subsidiary of Lembaga Tabung Angkatan Tentera, is and continues to be, the turn key contractor to deliver the construction aspects of the army airbase relocation.

It said PPHM had appointed over 50 qualified Bumiputera contractors as sub-contractors to deliver various aspects of the construction and would remain as the designated contractors. The contractors had been approved by relevant authorities and the construction of the project was supervised by relevant officials from the Defence Ministry and Home Ministry.

"As the construction will continue to be carried out by the approved contractors, there is, therefore, no question of any impact on national security through the sale by 1MDB of its 60 per cent interest in the Bandar Malaysia project."

10. Health Ministry faces budget cut of between RM250m to RM300m

PUTRAJAYA: The Health Ministry is expected to have its budget cut between RM250 million to RM300 million following the cost cutting announcement made by Prime Minister Datuk Seri Najib Razak on Jan 28, Health Minister Datuk Seri Dr S.Subramaniam said today.

He said the 10 per cent budget cut would be handled by increasing efficiency in the health sector at various levels.

"Overseas trips for attending conferences, training and meetings will be cut down as part of cost cutting measures.

"We will also see how we can minimize in various sectors by maximizing the use of generic medicine and improving administrative efficiency," he said.

Dr. Subramaniam said this after witnessing a memorandum of understanding signing ceremony between Clinical Research Malaysia and Drugs for Neglected Diseases to launch clinical studies for a public health approach to Hepatitis C in Malaysia.

New STRAITS TIMES Wednesday, 13 January, 2016

11. 1MDB focuses on three main aspects

KUALA LUMPUR: Excerpts of exclusive interview with 1Malaysia Development Bhd (1MDB) president and group executive director Arul Kanda.

Question: Can you share a little bit more on 1MDB's rationalisation plan? What is the company's current liabilities and assets after it sold its 60 per cent stake in Bandar Malaysia?

Answer: If we look back at June 2015, the rationalisation plan was presented to the Cabinet, comprising three main aspects.

The first was to carry out a debt-for-asset swap with Abu Dhabi's International Petroleum Investment Company (IPIC), which would involve RM16 billion.

Secondly, the sale of shares in Edra Global Energy Bhd, which we carried out recently, and thirdly, the sale of shares or equity in the Bandar Malaysia project, for which an agreement we managed to sign on December 31 last year.

The three aspects were important for us to reduce and manage the company's debts and if we add them up together, it would total up to RM42 billion. So, to me, 1MDB has an asset value that has been recognised by domestic and international investors. This is very important and the financial woes faced by the company has been overcome through the measures that we have implemented.

Q: Does that mean there are no more issues on the company's financial woes? But yet there are still 'noises' heard over the measures taken by the company.

A: For me, these noises or rather criticisms, are from the Opposition. The cash flow mismatch faced by 1MDB has been overcome. Once the mismatch is addressed, it means the company has the ability to meet the requirements needed to pay the interest and principal debts upon maturity. So, from that aspect there should not be any more criticisms.

Q: What about 1MDB's debt level? How would you describe it?

A: The debt level is RM42 billion, as stated in the last audit statement as of March 2014. However, more than half of those debts is in US dollar. So, with the current position of the ringgit compared to the US dollar, the debt value would have increased (as per the value of ringgit against the US dollar).

But at the same time, one should be reminded that these debts are due in 2022 and 2023. In a few years, the position of ringgit would strengthen and this would no longer be an issue. So, for us to take into account the value of the debt in ringgit at any one time would not pose an issue for the company. What is most important is that when the debt matures, in this case in 2022 and 2023, is that we would have a solution then and these solutions are made up of the three aspects that we have discussed earlier.

Q: Some have said that 1MDB is an idealistic plan?

A: First of all, when we talk about capital structure of a company, what is most important is to understand that on the outset, an approach was taken to use debt. In fact, we use debt in our everyday lives. For example, when we buy a house, 80 to 90 per cent of the purchase price is a loan from the bank.

The same goes with purchasing a car. So, the use of debt itself is not an issue, neither is it wrong. But what is more important is that we are able to generate income from the business to pay the interest and also principal that is payable upon its maturity date or when it is necessary.

From this point of view, if we take a look at 1MDB, 80 per cent of the company's debts are long-term, where the interest or principal payments are only payable when the assets have matured.

However, the problem arose when Edra Global Energy Bhd's initial public offering (IPO) failed to commence in November 2014 as this was one of the measures for the company to generate cash (income). At the same time, when the IPO failed, the company also suffered a loss of RM665 million and had a principal debt amounting to RM2 billion that had to be paid.

The three issues cropped up at the same time and this caused a drop in the confidence level of the company.

Once the confidence was gone, the company was unable to implement what it planned to do, which was to roll over debts by taking new loans, to repay maturing debts or to sell assets to generate cash.

So, that is the real issue concerning 1MDB and having lost its confidence level, it had led to an imbalance of cash in the company.

Q: If the IPO was successful, would it have been able to cover the RM42 billion in liability?

A: Not only in that aspect but the IPO would also have been able to generate cash for the company that could be used to repay the RM2 billion debt. The income generated from that would also be able to reduce the debt level while paying off interest rates, and the like. So, the company would not have faced a cash-flow mismatch if the income generated from the IPO had been used.

Q: What are the businesses under 1MDB that can generate income or the investments made that can help generate income?

A: There are two key aspects. The first one is generating electric power, where Edra Global Energy has the cash flow from electricity sales and the annual revenue is RM5 billion. The second aspect would be the several pieces of land in strategic areas owned by 1MDB.

For example, for Tun Razak Exchange, our proposal was to split the land through a master plan and then sell them in smaller plots to domestic or international investors. So, in the near future, both will need to generate enough income to meet with the interest and the principal of maturing debts.

Q: In hindsight, was the 1MDB business model the right model? Was there something wrong with it?

A: First of all, we can all agree that hindsight is 20:20, right? Looking back with what we know today, it is easy to criticise or to have a different view of how things could have been done. To me, the use of debt in itself is not wrong as I have shared (earlier), we all use debt in our day-to-day lives.

That use of debt created the certain discipline that the company had to run its business to pay back the debt but, at the same time, that use of debt by the company freed up government resources to be used for other purposes like building schools, roads and other development projects.

So to me, that in itself was not an issue, where it became an issue over time as the debt increased over time, which was a function of the assets was also increasing. To give you an example: if you buy one house with a mortgage, and then you buy a second house, third house, fourth house, and a fifth house, your debt goes up, your mortgage debt goes up along with your assets. But what is important is that you are able to rent those houses and get the rental as an income to pay the mortgage.

Therefore, in 1MDB's case, it got to a point where rental income was not sufficient any more and, therefore, we have to now start selling those houses in order to pay back the mortgage that we took.

Q: Is this what you call a cash-flow mismatch?

A: Absolutely. Had the efforts to monetise the assets worked out according to the plan, 1MDB would not have had this problem. But because of that issue, I think the board and the shareholders took concrete action which included hiring myself, for example, and then the announcement of the strategic review while the rationalisation plan was designed to fix the problem which came up.

Q: You mentioned earlier about the IPO, which was eventually called off because of the market's confidence level. Was it because the level was very low then?

A: Yes. That is right.

Q: So, if you were to go ahead (with the IPO), would it have been costly and a failure?

A: That is right. In fact one thing that disappoints me as a Malaysian is that when the problem started with this company, which is 100 per cent owned by the government and, therefore, ultimately the rakyat benefits or loses from it... when the problem started, the Opposition and those who are not aligned with the government immediately criticised it and made things worse. At the same time, the investigations started.

So, to me, it is better to let the company stabilise, get the confidence back and then commence with the investigations to find out what really went wrong... But instead what did we have? We had criticisms, we had speculations, we had baseless allegations launched against the company which, frankly, drastically reduced the options available to it and that is why in the end, the only viable option we had was to start selling assets to pare down the debt.

Q: What are the other elements that are still pending in the rationalisation plan?

A: We are done from a legal perspective, meaning we have signed with IPIC, we have signed with Bandar Malaysia and we have signed for Edra. So these are the legally binding agreements and we did it within the six months period specified by the prime minister (Datuk Seri Najib Razak). So that part is now done. Now, when you sign an agreement, say for example, to buy a house, there are a number of things that have to take place post-purchase.

In our case, there are consents that we need to procure from lenders, we have legal and regulatory approvals that we need to get and in some cases, we still need to work out the mechanics of how to transfer shares or land and assets. So, to do that we have a period of time to complete the transaction. For Edra, we estimate that will happen by next month, for Bandar Malaysia and IPIC by June.

But the important point is legally, we are bound or the parties are bound and right now it is the question of execution and process.

Q: How about the Tun Razak Exchange and land in Penang and Port Klang?

A: Let me take a step back. If you look at the Edra deal, it is the largest-ever power and utilities deal in the history of Malaysia. It is the second-largest ever foreign direct investment (FDI) into Malaysia, into one company. If you look at Bandar Malaysia, the deal that we have done is the largest-ever real estate deal in the history of Malaysia.

We were very focused on doing these two deals in a very short span of time. Now that we are done with that, we are going to focus on the Penang land; the Air Itam land, where most likely we will seek development partner so we will be able to sign a joint venture with a developer and for them to develop the land.

In the case of TRX, our development team is there, you would have seen the land sales that we announced this year and I challenge you to find any other property company in Malaysia that has sold that much land by value in one year, which we have done in TRX at prices that have set a new benchmark for Kuala Lumpur on a per square foot basis.

So to me that team is a strong team, it is a good team, I do not see any need for us to sell equity in TRX and I hope that business can continue whether owned by us or whether owned directly by Ministry of Finance Inc, in terms of its future development.

Q: Why did you opt for 60 per cent, not 100 per cent for Bandar Malaysia?

A: The land in Bandar Malaysia is very strategic and it is a national development project. Therefore it is important that the government continues to have a role both from the aspect of, for example, affordable housing as well as creating the integrated transport hub with high speed rail, KTM Komuter, mass rapid transit, Ekspres Rail Link, and Bus Rapid Transit.

From that perspective, I believe it is important the government remains involved, so that the vision and the objective behind the Bandar Malaysia project can carry on.

That is one very important reason.

The second reason is that there is significant future value in that project. So, if you recall we have sold land value today at RM12.35 billion. Now, can you imagine when the development starts that value can only go upwards.

So from my perspective, I would very much want the Malaysian government to continue owning a stake (in the project) for the benefit of the rakyat. **Additional reporting by Amir Hisyam Rasid and Koi Kye Lee**

New STRAITS TIMES Thursday, 14 January, 2016

12. 1MDB sees itself as a catalyst

KUALA LUMPUR: Part II excerpts from the interview with 1Malaysia Development Bhd (1MDB) president and group executive director Arul Kanda.

Q: Several quarters are displeased with the idea of a foreign entity taking over the relocation of the Kuala Lumpur air force base (PUKL). Your response?

A: That is the wrong perception and half truths given by the opposition. The relocation contract has been awarded to Perbadanan Perwira Hartanah Malaysia (PPHM), the turnkey contractor which is delivering the construction aspects of the PUKL relocation. PPHM is a 100 per cent subsidiary of Lembaga Tabung Angkatan Tentera and it has appointed over 50 qualified Bumiputera sub-contractors to carry out the construction aspects.

There is no question on whether the main contractor or sub-contractors would be replaced. The only question that remains for now is who would be paying for the costs, and there is no reason to bring up issues about the nation's security from the equity sale or the relocation plan.

Q: There had been a lot of terms used — including “bailout” — for the purchase agreements undertaken by 1MDB. Can you explain if this was done via an open tender or otherwise?

A: Let's look at the facts and logic instead of listening to the opposition leaders because they are only interested in spinning the facts, which ultimately give the wrong perception to the people. For the sale of Edra Global Energy, 1MDB has appointed Maybank Investment Bank as its independent adviser. For the Bandar Malaysia sale process, we have appointed CH Williams Talhar and Wong, which is a world-renowned real-estate consulting company. Both establishments have conducted international tenders where international and domestic investors have been invited to participate.

Our company had received offers from the Middle East, China, Singapore, Australia, Japan and also Malaysia. This shows that we did not receive the offer from a sole country. As for the tender process, we stipulated the criteria which were important to 1MDB, such as value from the transaction, its commercial terms and certainty of deal execution.

This means that when we choose a participating company, it must be able to abide by what has been promised and stipulated by us.

Based on the three criteria that were given, it was an open, transparent and objective decision to sell to China General Nuclear Power Corporation (CGN). The reason why the 100 per cent stake in Edra Global Energy was sold to CGN was because 1MDB had procured the company in a similar fashion (purchased 100 per cent stake) from a private company previously. Edra Global Energy was never a government-linked company prior to it being bought over by 1MDB.

For the Bandar Malaysia stake, China Railway Engineering Corporation (M) Sdn Bhd (CREC) is part of a consortium with Iskandar Waterfront Holdings Sdn Bhd (IWH). Given the shareholding of CREC in the Bandar Malaysia project, it has only 24 per cent stake whereas 76 per cent is still owned by Malaysia.

Another way to look at the project is that 1MDB is still holding 40 per cent of the shares and we are part of the Federal Government. In the context of IWH shareholding, Kumpulan Prasarana Rakyat Johor (KPRJ) owns 40 per cent of the shares, so effectively, KPRJ has a 14 per cent stake in the Bandar Malaysia project. If you look at it from that perspective, the Federal Government and the Johor government hold 54 per cent of the project ownership.

It is important for me to explain this because Malaysia is the major shareholder due to the value of this project — not in monetary terms but in the benefits it will bring about for the people. Bandar Malaysia is slated to be the terminus in Kuala Lumpur for the high-speed rail project connecting Malaysia and Singapore, and it will also be the hub to streamline the country's public transport.

The foreign ownership of the project is as little as 24 per cent because this is an important project for the government. The reason why CREC is part of the deal is because of the expertise it can offer to help develop and realise the Bandar Malaysia master plan.

Q: Will 1MDB be closed down after this?

A: As far as I can see, no. The reason is, we still have the bond debt. For example, the sukuk bonds — the original sukuk is due in 2039, the International Petroleum Investment Company debt is due in 2022 and the 1MDB Global Investment Ltd's RM3 billion bond is due in 2023.

To buy back the bonds is not going to be easy because we have to run a tender exercise. We may have bond holders who agree or disagree and we have to compensate the bond holders for loss of future yield and future interest, so it is not as straightforward as paying back a bank debt. Because of that, it is very likely we will continue 1MDB with these obligations but each obligation is now matched to a series of cash flows, which legally bind the other party. Therefore, the risk of not paying those debts has reduced tremendously.

Q: With the rationalisation process done, do you see the Tun Razak Exchange (TRX) being an independent entity?

A: Absolutely. In fact we're in the process of creating a separate board for 1MDB Real Estate, which is now known as TRX City Sdn Bhd. The company is going to focus only on the TRX project. It will have its own governance and independent board and will complete the TRX project, of which Phase 1 is expected to be done in 2018. It will continue to run as a subsidiary independently of 1MDB. That's our objective.

Q: Going back to an earlier point, you said your debt obligations match with your assets, the revenue of the two projects (TRX and Bandar Malaysia) will fund the debts?

A: That is correct. Also remember that we have a surplus with the sale of Edra Global Energy. After paying all the bank debts, we will have a surplus of approximately RM2.5 billion, which is more than enough to complete the infrastructure in TRX, form part of the 40 per cent of our contribution for Bandar Malaysia and also meet any short-term interests.

Q: So by the end of this year, what will be the debt position of 1MDB?

A: I can't answer that right now because we still have to decide whether that stays on our balance sheet or off the balance sheet, etc. But I can tell you whatever debt is there will be perfectly matched with a stream of cash/cash flows for the interest and for the principal when it is due. So our objective is to de-risk the debt by way of asset sale.

Q: Do you see a possible initial public offering (IPO) for TRX?

A: At the moment, we don't have a plan to go for an IPO, but of course who knows what the future will hold? We want to complete the infrastructure and get the project up and running. That will add to the remaining value of what we own in there. That's the primary focus right now. I think you have seen we have awarded contracts most recently to WCT, so that's on track for its first launch in 2018.

Q: After the sale, what remains in terms of land value?

A: If we do a rough calculation, the value of the land is RM12.35 billion and 60 per cent is being sold for RM7.41 billion. So, the balance is worth about RM5 billion.

Q: What about land elsewhere, overall?

A: For Bandar Malaysia, RM5 billion. We still have land in TRX worth about RM5 billion as well. The Air Itam land is worth RM1 billion and in Pulau Indah, about RM300 million. So what is left in terms of assets is about RM11 billion as at today. That value can increase further because this is land that has not yet been developed.

Q: So you will be a purely property player. What is the vision after this? Going nationwide, overseas?

A: No, I think what we said in the strategic review remains, which is, we will be focusing on the existing projects. As we discussed earlier, although these companies are still owned by 1MDB, we are looking into whether these companies should become independent entities or transferred to the Finance Ministry.

Our task, looking at the vision and mission of 1MDB, is to become a catalyst where we have planted the seeds for future growth and now the trees have grown. We can see the branches and leaves, and the trees can grow by themselves. They don't have to be under 1MDB any more.

Q: Can you comment on current debts and borrowings?

A: If we look at the financial accounts of 1MDB and a table we released earlier detailing where the RM42 billion debt went, it is clear that 1MDB has paid about RM6 billion in interest. When we pay interest, the funds come from the company. We should also remember that the debts were not

incurred from day one. The RM42 billion debts were taken over a span of six years to acquire and build up assets.

The opposition says 1MDB bought land from the government at a very low price, but what they did not tell the rakyat is that 1MDB was also given the task to relocate PUKL. That will cost RM2.7 billion. Similarly in TRX, the opposition says 1MDB got cheap land. Yes, that's true but 1MDB will have to spend RM3 billion to build infrastructure, not just within TRX but also outside.

We should look at both aspects. The risks and jobs, etc, done by 1MDB to develop the assets need funds and the funds were borrowed. So if we look at it aggregately, every year we have new assets and new debt. It is not that we take on debt first and then inject the assets to repay the debt. That is the opposition's spin. It is wrong. It is done purposely to confuse the rakyat.

Q: Your critics always say 1MDB did not bring any benefits to the country. Will the completion of 1MDB's rationalisation plan silence them?

A: Absolutely. From my perspective, it is very easy to criticise. It is easy to be part of the problem. But I challenge any of these critics... have you been part of the solution? What suggestions have you given to help solve the problems? Because no matter how you slice it, ultimately it is a government company. And any loss or revenue goes to the government and then to the rakyat.

I can understand that you want to highlight things that appear to be wrong. At the same time, you have to help solve the problems and not make it worse in order to preserve value for the rakyat. To me, this is where certain opposition leaders have been really irresponsible and not looking at that aspect of it and only focusing on this aspect of wrongdoing when, in fact you, have the Malaysian Anti-Corruption Commission, police, Bank Negara Malaysia, auditor-general and the Public Accounts Committee, which includes five opposition members, already looking at that.

So if you are a responsible leader, whether opposition or the government, with a responsibility to the rakyat, once these investigations have commenced, you should help fix the problem and not make it worse with announcements and criticisms every day.

But I'm not a politician and I'm not part of the government. I cannot say these things to politicians. Anyone who wants to ask me questions and get explanation, I've met. So those who have not asked to see me or not wanted to see me is because they do not want to hear the answers. They are not interested in the answers. They only are interested in the questions.

Q: What about governance and transparency in the company?

A: As far as I can see, all the procedures, required approvals and governance were done. I have no concern on that front but of course, there are a number of ongoing investigations, so I do not want to prejudice those.

I think the rakyat should hear not from me but from those investigative authorities and what outcome they come up with. I can't do both — sell assets on the one side and uncover what went wrong, but what I can do and what we have done is to cooperate fully with the authorities.

We have given all the information requested in an open manner to all parties concerned. My hope is that they conclude the investigations as soon as possible so that we can move on to the next level.

Additional reporting by Amir Hisyam Rasid and Koi Kye Lee

13. 'Major onslaught' soon on those who sell hospital patients' info

KUALA LUMPUR: The Health Ministry will ask the Malaysia Communications and Multimedia Commission (MCMC) to take action against those involved in the hacking of health facility databases to sell information of patients.

Its minister, Datuk Seri Dr S. Subramaniam said they will ask the commission to go on a "major onslaught" on the wrongdoers.

"There is a possibility that patient information had been illegally retrieved through hacking of public and private clinics and hospitals' databases, and if it's true, we need to report this to the MCMC.

"We will request for the MCMC to go on a major onslaught on these people," he told reporters after the MIC ponggal celebration here, today.

He urged those with information on the matter to come forward to the ministry and MCMC for further action.

Malay daily Berita Harian today reported that Cybersecurity Malaysia had tracked down tens of thousands of stolen patient data from public and private hospitals and clinics.

The data, stolen by hackers, include patients' names, addresses, MyKad and telephone numbers, and medical history.

The report said the syndicate sells the data for a fee of up to RM400 each to pharmaceutical companies conducting businesses online.

14. Najib wants more haemodialysis machines for Sungai Buloh Hospital

KUALA LUMPUR: Prime Minister Datuk Seri Najib Razak has instructed for new haemodialysis machines to be supplied to the Sungai Buloh Hospital as soon as possible.

Najib said this was because the government is aware that the existing number of haemodialysis machines at the hospital was insufficient to cater to the needs of kidney patients.

"I understand that many kidney patients have to wait for a long time for their turn to undergo haemodialysis in government hospitals," said the prime minister in his latest blog posting tonight.

The directive was issued after he paid a visit to the hospital's Haemodialysis Unit this evening.

Najib said the issue was due to the existence of more than 2.5 million kidney patients in Malaysia, leading to high demand at government hospitals which offer quality treatment at low rates, around 22 times cheaper than in private hospitals.

Najib stressed that he was confident the move would benefit patients who need the treatment.

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15. Employees may retain 11pct EPF contribution upon request

KUALA LUMPUR: Contributors to the Employees Provident Fund (EPF) can opt to maintain the current subscription of 11 per cent by completing a notification form to indicate their request.

The EPF, in a statement today, said they could maintain the current contribution by completing the "Notis Pilihan Mencarum Melebihi Kadar Berkanun."

It said employees could download the Notis KWSP 17A Khas2016 from the EPF's website at www.kwsp.gov.my from Feb 2, 2016 onwards.

The notice has to be submitted to their respective employers before being forwarded to the nearest EPF branch, it added.

The statement was issued in response to the Prime Minister Datuk Seri Najib Tun Razak's announcement about the reduction in the employees' contribution from 11 per cent to eight per cent for those below 60 when he presented the recalibrated 2016 Budget at noon today.

The EPF contribution of employees aged 60 and above will be reduced to four per cent from 5.5 per cent.

Both changes would take effect from March 2016 until December 2017.

The new monthly contribution rate can be downloaded from Feb 16, 2016 onwards, the EPF said, adding that there would be no changes on the employers' contribution.