

1. 50 civil servants in 'sensitive positions' to be transferred

PUTRAJAYA: Approximately 50 civil servants holding sensitive positions in finance, contract and procurement departments for more than five years are set to be transferred starting this month.

Chief Secretary to the Government Tan Sri Ali Hamsa said the Public Service Department (PSD) has already identified the 50.

The rotation, he said, was in accordance with the Public Service Circular No 3 introduced in 2014.

"The circular states that staff holding sensitive positions must be transferred out within or outside their ministry or departments within the stipulated period.

"Nobody is suspected of any wrongdoings as they are all good officers. We just want them to move around," he told reporters today.

He said these officers, some of whom had served up to 10 years, have yet to be transferred, leading to the exercise.

He said the exercise was an ongoing process.

"PSD has prepared their orders and we will distribute it this month.

"We hope this time around there will not be any appeals for them to continue their service," he said.

His comments came in light of the arrest of a 56-year-old official from the Youth and Sports Ministry two weeks ago.

The official was suspected of embezzling RM107 million over the past six years

2. PAC's report on 1MDB to be tabled in Dewan Rakyat today

KUALA LUMPUR: The long-awaited Governance Management Control Report on 1Malaysia Development Bhd (1MDB) by the Public Accounts Committee (PAC) is set to be tabled in the Dewan Rakyat today.

On Tuesday, PAC deputy chairman Dr Tan Seng Giaw said the report has been completed.

The PAC began its investigations into 1MDB on May 19 last year.

The committee sought to look at 1MDB's governance control management since it was incorporated in 2009, after the Terengganu Investment Authority state fund was turned into a federal agency.

1MDB, wholly-owned by the government, was set up as a strategic development company with a vision to catalyse and stimulate foreign direct investments, as well as do things differently for the government. --Bernama

3. PAC: Several weaknesses in 1MDB's practices

KUALA LUMPUR: The Public Accounts Committee (PAC) in its report on 1Malaysia Development Bhd (1MDB) found several weaknesses in several practices by the board and the management.

"After reviewing the Auditor-General's final report and PAC proceedings, it found that several practices by the management and board of directors had shown weaknesses in its administration.

"For example, the management did not comply with decisions and instructions by the board or had made decisions without prior approval by the board," said PAC in its conclusion of the 106-page report tabled at the Dewan Rakyat today.

PAC however agreed that the 1MDB rationalisation plan by the government is able to address the company's debt.

"PAC also noted that the government had taken immediate steps to address its cash flow problem which started in November 2014. In January last year, a new management team was brought in and Minister of Finance Inc (MoF Inc) had given serious attention in settling the problems," it said.

"The board of directors was not proactive in scrutinising activities of the management and company's cash flow. More stringent supervising is needed by the board including in question prices of asset acquisition and debt cost," it said, adding that all reference to the Prime Minister needs to be changed to Finance Minister, in line with provision on MoF Inc-owned companies.

It also suggested that subsidiaries (Tun Razak Exchange, Bandar Malaysia, Air Itam and Pulau Indah lands) should be handed to MoF Inc for better supervision and administration.

4. PAC report proves that 'missing RM42b' claims are false, says Najib

KUALA LUMPUR: The Public Accounts Committee's (PAC) report on 1Malaysia Development Bhd (1MDB) today showed that no monies were missing from the company. This, said Prime Minister Datuk Seri Najib Razak, also disproved previous claims by Tun Dr Mahathir Mohamad that RM42 billion had gone missing from 1MDB. "Having reviewed it (the report), I note that the PAC report shows that RM42 billion is not missing from 1MDB, as had been alleged by Tun Dr Mahathir." He said this showed that the former prime minister's allegations against 1MDB have been proven false. "He (Dr Mahathir) was motivated by personal interest, not the national interest, and a desire to unseat the government," said Najib on his blog post at najibrazak.com. The report, commissioned by the Cabinet came after an "exhaustive process" based on facts, reviews and investigations, which according to Najib represented a consensus by a bi-partisan committee which included Opposition members of parliament. Najib thanked the National Audit Department and PAC for producing a "comprehensive, conclusive and definitive report." He however, also acknowledged 1MDB's weaknesses, specifically in its capital structure and management, as highlighted in the PAC report. He noted that the report's recommendation will be studied and acted upon. "We must ensure that lessons are learned, and action will be taken if any evidence of wrongdoing is found," said Najib. The prime minister also pledged to carry on focusing on the economic plan and strengthening the economy, which according to him has been resilient in the face of global challenges.

5. Auditor-General's report still classified as OSA, says Pandikar

KUALA LUMPUR: The Auditor-General's report on 1Malaysia Development Bhd (1MDB) cannot be tabled in Parliament yet, as it is still classified under the Official Secrets Act, says Speaker Tan Sri Pandikar Amin Mulia. "I can't allow documents that have yet to be de-classified to be tabled here. You can raise views but it will still depend on the government to respond," he said in addressing a query by R. Sivarasa (PKR-Subang). Sivarasa had earlier asked why the special report by the Auditor-General was not tabled together with the Public Accounts Committee (PAC's) report on 1MDB. The National Audit Department began its audit on 1MDB following a Cabinet directive in March last year, with the outcome handed over to the PAC to facilitate the latter's probe on the strategic development company. PAC's report on its investigation on 1MDB was earlier distributed to lawmakers at the commencement of the parliament session. Prime Minister Datuk Seri Najib Razak had in March last year ordered an investigation on 1MDB following allegations of financial mismanagement. The government had also initiated a rationalisation plan to settle its RM42 billion

debt, achieved through the debt-for-assets swap with IPIC and the sale of all its energy assets, among others.

NEW STRAITS TIMES Thursday, 7 April, 2016

6. WSJ report on PAC finding an 'outright lie', says 1MDB

KUALA LUMPUR: 1Malaysia Development Bhd today dismissed as an "outright lie" a Wall Street Journal report on the Public Accounts Committee report on the government strategic investment fund. It said in a statement the PAC Governance Management Control Report had at no point suggested that funds had gone missing from 1MDB nor was there any reference to a criminal probe. "Rather, the report recommends that enforcement agencies conduct an investigation into some of the company's former management," 1MDB said. The PAC today distributed its report in the Dewan Rakyat. The WSJ had run a headline on its website claiming that the PAC "found that billions of dollars have gone missing from a state investment fund and recommended that senior management should face criminal investigation." "We implore the Wall Street Journal to immediately remove this misleading and false statement which has, once again, betrayed its biased and incorrect coverage about the company," the statement said.—BERNAMA

NEW STRAITS TIMES Thursday, 7 April, 2016

7. PAC wants probe on Ex-1MDB CEO

KUALA LUMPUR: The Public Accounts Committee (PAC) wants the authorities to carry out an investigation on 1Malaysia Development Bhd's former chief executive officer Datuk Shahrol Azral Ibrahim Halmi. Shahrol Azral, said PAC, should be held responsible for the weaknesses and constraints faced by 1MDB. "After reviewing the Auditor-General's final report and PAC proceedings, it found that several practices by the management and board of directors had shown weaknesses in its administration. "For example, the management did not comply with decisions and instructions by the board or had made decisions without prior approval by the board," said PAC. The 106- page was tabled in the Dewan Rakyat earlier this morning. In its assessment, PAC said the board of directors was not proactive in scrutinising activities of the management and company's cash flow. More stringent supervising, said PAC, is needed by the board including in question prices of asset acquisition and debt cost.

8. PAC satisfied with steps taken by govt for 1MDB

KUALA LUMPUR: The Public Accounts Committee (PAC) is satisfied with the rationalisation plan on 1Malaysia Development Bhd (1MDB) and immediate steps taken by the government to improve the company. PAC chairman Datuk Hasan Arifin, in a statement today, said the government had managed to carry out remedial measures within a short period of time. "PAC in its recommendations suggested that the authorities scrutinise the report and carry out further investigations. Legal action should be taken if there is any breach of law. "PAC also agreed that the company has a weak capital structure and flaws in administration which were explained in depth in the report. The committee had prepared the report on 1MDB's managerial administration based on the information in the National Audit Department report (audit) which was tabled to PAC on March 4 and 7," he said, thanking the department. He said PAC's proceedings for the investigation commenced on May 19 last year and ended on Feb 11 and it had summoned all parties involved with 1MDB including the Finance Ministry, Economic Planning Unit (EPU), 1MDB board of director and its top management as well as the company's auditor.

9. No negative comments on 1MDB assets in PAC report: Arul

KUALA LUMPUR: There were no negative comments on 1Malaysia Development Bhd's (1MDB) assets in the Public Accounts Committee (PAC) report as they are solid and proven by facts, said President and Group Executive Director Arul Kanda.

He said although issues related to 1MDB are common among business entities, the matter has been politicised by certain people, making the process to stabilise and improve the government's strategic investment arm more challenging.

"Now we have a report which uncovered several weaknesses of the company and made several recommendations to the government," he said in special dialogue entitled "1MDB - Perception and Reality" recently.

Moving forward, he said 1MDB can carry out what needs to be done to improve the company.

In November last year, 1MDB signed a deal to sell its entire power assets under Edra Global Energy Bhd to China General Nuclear Power Corporation (CGN) for RM9.83 billion cash.

It was reported that CGN would also assume all the relevant gross debts and cash of the Edra operating companies, namely Edra Solar Sdn Bhd, Edra Energy Sdn Bhd, Powertek Energy Sdn Bhd, Jimah Teknik Sdn Bhd, Jimah O&M Sdn Bhd, Mastika Lagenda Sdn Bhd and Tiara Tanah Sdn Bhd.

In December, it sealed a deal to sell a 60 per cent stake in its subsidiary Bandar Malaysia Sdn Bhd for RM7.41 billion to a consortium comprising Iskandar Waterfront Holdings Sdn Bhd and China Railway Engineering Corporation (M) Sdn Bhd.

The consortium will develop a 194.4-hectare site of the former RMAF base in Sungai Besi for a mixed development comprising housing, commercial and lifestyle facilities.

With the sale, 1MDB has completed its rationalisation plan to resolve its debt burden within six months after being presented to the Cabinet in May.

PAC in its report stated that 1MDB's debts began at RM5 billion in 2009 before jumping to RM42 billion at end-2014.

In January 2016, the debt reached RM50 billion compared to assets of RM53 billion with 1MDB spending RM3.3 billion to repay interest on debts between April 1, 2014 and March 31, 2015.

However, the PAC noted that the government took immediate action to rectify the problem when the debt problem resurfaced in 2014.

Based on the PAC report, Arul was reported as saying that there was no criminal element in the management of 1MDB but only weaknesses that would need to be rectified.--BERNAMA

NEW STRAITS TIMES Wednesday, 20 April, 2016

10. 1MDB ready to cooperate with foreign authority to assist with probe

KUALA LUMPUR: 1Malaysia Development Bhd (1MDB) reaffirmed its readiness to cooperate with foreign authorities to assist with any investigation involving the company. However, at the moment, the company has not been contacted by any foreign authority regarding the investigations, said President and Group Executive Director Arul Kanda Kandasamy. "We have very clearly and openly stated that if we are being contacted or asked to help, we will fully cooperate, subject to any international protocol, relating to such matters," he said in a Bloomberg TV Malaysia interview on Tuesday. He was asked whether 1MDB would provide assistance or clarity to any international authority if approached, after several countries were reportedly probing the state investment fund. To a question on its financial obligation, Arul Kanda said he expected an interest payment to be made to its bondholders as it entered the five-day grace period. Facing the risk of a bond default, he contended that 1MDB's current cash surplus stood at about US\$550 million (RM2.12 billion) or 11 times the US\$50 million (RM192.5 million) due as interest that was payable on April 18. The company is in dispute with Abu Dhabi's sovereign wealth fund, International Petroleum Investment Company (IPIC), which earlier agreed to pay interest on the bonds. Arul Kanda said he expected an "amicable resolution."--BERNAMA

11. Bumiputera Economic Council fixes 93 KPIs for 25 ministries

The Bumiputera Economic Council has set 93 key performance indicators (KPIs) to empower the Bumiputera economy for 25 ministries including the Prime Minister's Department. Prime Minister Datuk Seri Najib Razak announced this today after chairing the Bumiputera Economic Council meeting. "These KPIs have high impact results and are characterised as outcome bases with higher targets set compared to last year," he said. He said the empowerment of the Bumiputera economy KPIs would be in line with the 11th Malaysia Plan. One of the this year's KPIs, he said, was to secure 50.6 per cent value of Bumiputera contract (2017) compared to the overall cost project in the MRT 1 project and 25 per cent for the overall cost project of KL118 (Warisan Merdeka). Another KPI set for the ministries was to come up with a study of developing an operation framework as well as a business plan for Perbadanan Wakaf Nasional Berhad, said Najib. "The implementation of these KPIs for this year will boost the Bumiputera community's economy and realise the government's efforts to turn Malaysia into a high income nation by 2020." Later, the prime minister witnessed the exchange of a strategic collaboration agreement between Yayasan Peneraju Pendidikan Bumiputera and the Pahang Foundation on the Peneraju Young Professional Accountants programme under the Pahang Foundation scheme with a cost of about RM1.2 million. Also present were Deputy Prime Minister Datuk Seri Ahmad Zahid Hamidi and Minister in the Prime Minister's Department Datuk Seri Abdul Wahid Omar, who is also the Bumiputera Agenda Steering Unit (Teraju) chairman. Najib said the Bumiputera Economic Council was upbeat to learn that students sponsored by Yayasan Peneraju Pendidikan Bumiputera had secured 75.3 per cent passes higher than the average global pass rate of 67.6 per cent. He said the government would continue with its commitment to raise the export capability of 400 Bumiputera small and medium enterprises by 2020.

12. Almost 70 civil servants in sensitive posts transferred to date: Ali Hamsa

Almost 70 civil servants holding sensitive positions have been transferred from their respective departments and ministries. Chief Secretary to the Government Tan Sri Ali Hamsa said 20 of the civil servants have been rotated within the ministries and departments, while the remaining 50 staff have been transferred to different ministries or departments. "This is a normal practice to ensure that the civil servants, who have been holding the same position between three and five years, gain more experience." "They are not suspected of any wrongdoing. They are good staff and we want them to contribute to other agencies. "This (transfer) is an ongoing process. If that person has been serving in a sensitive position for three to five years, it is better to transfer him or her out," he told reporters after officiating the National KSN Challenge Trophy at ARL PowerBowl, Alamanda. He said the these civil servants understood and accepted the guidelines as issued by the Public Service Department (PSD). Ali announced on April 4 that PSD had identified the 50 civil servants who would be transferred. The rotation was in line with Public Service Circular No. 3, introduced in 2014, which states that civil servants holding sensitive positions must be transferred out between three and five years within or outside their ministries or departments. Ali was reported as saying the 50 civil servants had served between five and 10 years at their respective ministries' departments, including in finance, contract and procurement.

13. IPIC has not made interest payment of US\$50.3m says 1MDB

KUALA LUMPUR: Malaysia Development Bhd (1MDB) today said International Petroleum Investment Company (IPIC) has not made an interest payment of US\$50.3 million as required under the terms of a binding term sheet executed on May 28, 2015. Under the binding term sheet, 1MDB said IPIC assumed the obligation to pay the interest and the principal for its US\$1.75 billion bond due 2022, issued by 1MDB Energy (Langat) Ltd. "Due to a dispute between the parties, neither 1MDB, nor its subsidiary, 1MDB Energy (Langat) Ltd, have made payment and are now in default as per the terms of the bond," the strategic development company said in a statement here today. However, 1MDB has reiterated that it will meet all of its other existing financial obligations, and had ample liquidity to do so. Meanwhile, 1MDB said it had attempted to meet all its obligations to IPIC, whereas the latter, had publicly denied receipt or knowledge of various financial transactions or guarantees entered into between the parties. "Accordingly, whilst 1MDB has the funds to have made the interest payment, it is 1MDB's position, as a matter of principle, that it was IPIC's obligation to do so. "Until IPIC accepts that all obligations have been met, 1MDB is obliged to withhold payments and will seek legal recourse and resolution," it added. 1MDB said it is committed to working openly with IPIC to resolve the dispute to minimise the impact on all stakeholders and avoid the need for accelerating bond or Sukuk payments. 1MDB also confirmed that cross defaults have been triggered on the 1MDB RM5 billion Sukuk due 2039 and the RM2.4 billion Bandar Malaysia Sdn Bhd Sukuk due between 2021 and 2024 as a result of the default on the bond. "There is no 1MDB cross default on an RM800 million loan from the Social Security Organisation. "However, there is a possibility that the 'material adverse effect' clause may be triggered due to the developments highlighted above," it said. The RM5 billion Sukuk and the SOCSO loan both benefit from guarantees issued by the government. It has also confirmed that there is no cross default on its other remaining debt. -- Bernama