

**Bring on the probe, says Dr M - By JOSEPH SIPALAN [jsipalan@thestar.com.my](mailto:jsipalan@thestar.com.my)**

PUTRAJAYA: Tun Dr Mahathir Mohamad has no problem with an in-depth probe into the alleged RM100bil in losses due to financial scandals during his 22-year tenure as prime minister. "You can audit. In fact, all Tuns must be audited, from the Tuns to the Tuns' children and the Tuns' grandchildren," he said yesterday. Dr Mahathir, who earlier attended a meeting with Mubarak, the NGO of former elected representatives, was responding to a recent blog posting by DAP adviser Lim Kit Siang, who demanded a full audit into billions of ringgit in alleged losses due to financial scandals during the former's premiership.



**A happy moment: Dr Mahathir chatting with Datuk Khamsiyah Yeop (left) and other members of Mubarak in Putrajaya after the meeting yesterday.**

On another matter, Dr Mahathir said PAS should appoint a non-Muslim as deputy president right now if they were indeed ready to do so. He slammed the party for being two-faced and said Umno had suffered being called *kafir* (non-believers) for working with non-Muslims. "What is wrong with working with non-Muslims? After all, they are also

Malaysians," he added. On claims by former Umno supreme council member Tan Sri Abdul Kadir Sheikh Fadzir of vote-buying by Barisan Nasional in previous election campaigns, Dr Mahathir said those were allegations. "He (Abdul Kadir) ought to know. Probably he used money politics to get his seat, that's why he's saying it. Otherwise, they won't know," he added. Dr Mahathir also commended Prime Minister Datuk Seri Najib Tun Razak for vesting powers on the Malaysian Anti-Corruption Commission (MACC) to have full access to the declaration of assets of all members of the federal administration and their families. He, however, noted that the exercise may end up taking up more time than necessary.

**NFCorp investigation papers sent back to police - By STEVEN DANIEL**

KUALA LUMPUR: The investigation papers on the National Feedlot Corporation (NFCorp) have been sent back to the police, Deputy Inspector-General of Police Datuk Seri Khalid Abu Bakar said on Friday. He said the Attorney-General ordered further investigation to be conducted on the case but did not specify why or when the papers were sent back to the police. "We will follow the recommendations and instructions given by the AG before re-submitting the investigation papers," he said, after the closing ceremony of the Investigate Science Diploma programme at Maktab Polis Cheras here. On the reporters injured in Penang during a anti-Lynas rally, Khalid said police would examine the videos and photographs taken during the event at the Speakers' Square in George Town. "We will also counter-check with the statements taken from the victims. We will also investigate claims by members of the public that police did not react to stop the fight during the ruckus at the gathering," he added.

**Shaziman orders probe into defects at MACC complex**

MALACCA: The Works Ministry has ordered a thorough inspection on the RM23.4mil Malaysian Anti-Corruption Commission office complex here which has been hit by a slew of technical hitches barely a year after its completion. Problems included a poor piping system and water pooling at the bottom of an elevator shaft. Works Minister Datuk Seri Shaziman Abu Mansor said yesterday that the Malacca Public Works Department and relevant contractors had been asked to identify causes of such problems to enable remedial measures to be implemented. "The defect liability period of the building, which expires on March 10, will be extended to an indefinite date. This will allow enough time for inspection and repairs to be done," he said. Built under the Ninth Malaysia Plan, the building is currently 60% occupied with 54 MACC employees.

**NFC probe back with cops**

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**Nazri advises NFC against issuing media statements**

KUALA KANGSAR: Minister in the Prime Minister's Department Datuk Seri Mohamed Nazri Aziz on Saturday advised the management of National Feedlot Corporation (NFC) to refrain from issuing statements while the police investigation into the company is ongoing. He said the company should not use the media if it had anything to say. "The (NFC) management should remain silent and not interfere in the police investigation or decision of the attorney-general. The company may or may not be prosecuted," he told reporters after attending a programme at Sekolah Kebangsaan Beluru, here. Mohamed Nazri was asked to comment on the statement issued by NFC on Feb 26 expressing shock over the police recommendation that its chairman, Datuk Seri Dr Mohamed Salleh Ismail, be charged with criminal breach of trust. NFC had described the police statement as premature. The minister dismissed allegations that the government is delaying the process of prosecution in the NFC issue. "No. As the minister in charge of law, I assure you I know that the attorney-general and his chambers are doing their work. There is no such thing as delaying the process. Even if there is a delay, a decision will be made on the prosecution," he said. The NFC issue came to light when the 2010 Auditor-General's Report, released in October last year, pointed out that the corporation had failed to achieve its objectives. - Bernama

**Don't interfere in cattle venture probe, NFCorp told**

PADANG RENGAS: The National Feedlot Corporation (NFCorp) should not interfere in the authorities' investigation into the controversy in the cattle venture, Minister in the Prime Minister's Department Datuk Seri Mohamed Nazri Abdul Aziz said. Instead, it should leave the matter to the police to investigate and the Attorney-General to decide, he said. "The management should just keep quiet and not interfere in the investigations by the police and the decisions made by the A-G," he said. "Anything that you want to say, say it in court when you are charged, otherwise don't say it," he said in Kampung Beluru near here yesterday, when asked to comment on NFCorp's displeasure when police said they had recommended that NFCorp directors be charged with criminal breach of trust and cheating over the RM250mil cattle venture issue. The NFCorp had described the recommendation as "prematurely given". The NFCorp, he said, should stop giving press statements. "They are not the court (and) they can't decide anything," he said. Asked on a decision by the A-G to return the investigation papers on the matter to the police, Nazri said it was a normal thing to do. Meanwhile, NFCorp hit out at the Opposition, telling them to refrain from "misrepresentation and exaggeration". In a statement, the company reiterated that the value of its drawdown from the RM250mil government loan remained intact within the group.

**No show by KSSB accusers at Selcat hearing - By A. RUBAN**

SHAH ALAM: None of those who made allegations of misconduct by Kumpulan Semesta Sdn Bhd (KSSB) turned up at the public hearing Monday, Selangor Select Committee on Competency, Accountability and Transparency (Selcat) chairman Datuk Teng Chang Khim said. "Only three witness turned up and they were, in fact, called upon by Selcat. Those who had initially made allegations did not come forward. "Many parties have alleged there was misconduct in KSSB's administration. If there were such irregularities, why did they not come here today? "Hence, we had to go ahead with the hearing with those who showed up," he told a press conference after the public hearing at the State Secretariat Building here Monday. The witnesses who turned up were Seri Muda assemblyman Shuhaimi Shafiei, Batu Caves assemblyman Amiruddin Shari and KSSB chief executive officer Wan Abdul Halim Ismail. Earlier at the hearing, Shuhaimi reiterated that although he sat on the board of directors of Double Dignity (M) Sdn Bhd, the company had not been registered with KSSB. The PKR man added that he was not involved in the operations of Double Dignity but merely in charge of ensuring the company followed guidelines set by the state government. He also stressed that he did not issue support letters to any parties for obtaining sand mining contracts. "I have never helped any companies obtain sand mining contracts. Any companies that were interested in getting the contract would have to go through the normal tender process and that was beyond my power. "KSSB's general manager and CEO are involved in the tendering process," he said.

**PAC to question NFC on March 19, 20 - By REGINA LEE**

PETALING JAYA: The Parliament's Public Accounts Committee (PAC) is expected to grill officials from the National Feedlot Corporation in two weeks' time. PAC chairman Datuk Seri Azmi Khalid said Tuesday this was a "normal follow-up process" to their first meeting on the NFC last November. "Actually, what we did the last time (in the last meeting) was not complete. "So this time, we want to asked them to come down and give more information," he told *The Star*. Representatives from the NFC, Agriculture and Agro-based Industry Ministry, and Finance Ministry are expected to appear before the committee on March 19 and 20. They will have to explain the RM250mil soft loan given by the Government to the NFC that was meant for a national cattle farming project. The Opposition has alleged that the public funds ended up being used for activities unrelated to the project, including the purchase of several luxury condominiums in Singapore and Kuala Lumpur.

**Former NFC consultant hands evidence to MACC - BY JOSEPH SIPALAN**

PUTRAJAYA: The man accused of cheating the National Feedlot Corporation (NFC) on Wednesday handed over documents to the Malaysian Anti Corruption Commission (MACC) to back his claim that he was forced to bribe the police. Datuk Shamsubahrin Ismail handed over a handphone alleged to contain text messages to support his claim, along with a transcript of the alleged instructions issued by NFC executive chairman Datuk Seri Mohamed Salleh Ismail. Shamsubahrin was accompanied by four lawyers led by PKR vice-president N Surendran. Also present was PKR Ampang MP Zuraidah Kamaruddin.

**Yayasan Selangor spent 'lavishly' - By TEH ENG HOCK**

SHAH ALAM: Poor financial practices were used in organising Yayasan Selangor's activities in 2010, including its 40th anniversary celebrations, its general manager Ilham Marzuki said. He told the Selangor state assembly's Select Committee on Competency, Accountability and Transparency (Selcat) that Yayasan Selangor had learnt from the "sad experience" and had put in place measures to improve its management. More than RM1.4mil was spent on various events in 2010, resulting in several quarters calling for an investigation into the state education foundation's "lavishness". Ilham, who was appointed general manager in April 2010, spent most of the five hours justifying the events held and explaining the improvements put in place to prevent similar leakages from recurring. The public hearing was chaired by state assembly speaker Datuk Teng Chang Khim, who was flanked by Deputy Speaker Haniza Talha, Hulu Kelang state assemblyman Saari Sungib and Permatang state assemblyman Sulaiman Razak. Most of the morning session focused on the tender process for event planners, with Ilham explaining that limited tenders were called for activities such as the 40th anniversary dinner, fishing competition, and *buka puasa*, Hari Raya and Hari Raya Haji functions. He said Yayasan Selangor did not call for open tenders due to the lack of time to plan the events and, on each occasion, practised a limited tender system by picking a company from three quotations. Selcat also grilled Ilham over the release of the bulk of the fees to the companies early, which the latter admitted was "not a good practice". In the case of the anniversary dinner, 95% or RM270,750 was paid to the event planner before the event. The dinner was called off three days before it was due as the Sultan could not attend. Sulaiman also ticked Ilham off for paying the fishing competition organiser 99.5% of the bill before the event. "Usually it is 30% payment before the job is done," said Sulaiman, the lone Umno Selcat representative present yesterday. Yayasan Selangor's practice of giving out meeting allowances to staff sitting in the quotation and tender management committees was also questioned, as each person was given between RM50 and RM500 per meeting. "They are Yayasan officers and staff, so what is the rationale of giving them meeting allowances? Isn't this in their job scope?" asked Teng. Ilham said the allowances were given because the meetings took place during lunch breaks or after working hours. "Nevertheless, we have recovered the money and returned it into Yayasan's accounts," he said. Ilham also alleged that Yayasan suffered more than RM500mil of leakages between 1991 and 2008, and was told by Teng to hire an independent auditor to substantiate the allegations.



**NFC denies using govt loan as leverage to buy KL Eco City shoplots**

PETALING JAYA: The National Feedlot Corporation (NFC) has denied purchasing eight commercial properties in Bangsar using a government soft loan as leverage. In a brief two-paragraph statement Thursday, the embattled cattle-rearing company denied the allegations first raised by the Opposition. PKR director of strategies Rafizi Ramli had claimed that NFC executive chairman Datuk Seri Dr Mohamad Salleh Ismail used the funds to obtain loans for eight shoplot units in the new KL Eco City development on Jalan Bangsar. In a press conference on Wednesday, Rafizi claimed the shoplot units were worth a forced-sale value of RM9.69mil. However, an online portal reported quoting NFC that the purchase were "private investments" by the directors. Women, Family and Community Development Minister Datuk Seri Shahrizat Abdul Jalil, who is also wife to Salleh, has said that she was not involved in the KL Eco City project. The NFC became embroiled in controversy after it was revealed that the RM250mil soft loan given by the Government for a national cattle-rearing project was used for other activities unrelated to the project. The Opposition claimed that part of the funds were also used as leverage to obtain loans to purchase several luxury condominiums in Kuala Lumpur and Singapore. Both Shahrizat and Salleh's children are also directors in NFC and its subsidiaries.

**Minimum wage - simply the right thing to do. Making a Point - By Jagdev Singh Sidhu**

IT will be a conversation played out at many a meeting or over lunch where owners of businesses will be grumbling over the proposed move by the Government to introduce a minimum wage in the country. Their concerns have been echoed by many from their lobby organisations in recent days. Words such as being put out of business' and uncompetitive' are almost mantra like for those opposing the move to introduce a minimum wage in the country. Such scary scenarios, in my belief, are unfounded. Their concerns will revolve around just how much more they will have to pay their workers and that will make their businesses less profitable but they will forget to point out the assistance they have also been receiving. A lot of businesses enjoy the cheap energy, subsidised goods, which is paid by tax payers including themselves, and that has contributed to higher margins. All that's being proposed right now is for workers to get a fair deal at the expense of immediate margins. The facts are that the Government is looking at a minimum wage of between RM800 and RM1,000 a month for a worker in the private sector where currently a third of them earn less than RM700 a month, which is below the poverty line of RM763 a month. I don't see it as a problem where the minimum wage should be that of a level slightly above the poverty line. It's simply the right thing to do. In this age where the country has been enjoying full employment for years and registering productivity gains during the same period, the basic wage of the lowest of unskilled worker should have at least risen to keep pace with the poverty threshold. Unfortunately, the entry of unskilled foreign workers has suppressed wages and have allowed local businesses to substitute local workers with those from another country. There is an additional cost to employ foreign workers by way of levies or the provision of accommodation but businesses still find it worthwhile to hire unskilled foreign labour. Maybe with a minimum wage, which theoretically should also be extended to all sorts of labour in the country regardless of nationality the imbalances that has been allowed to be built up over the years should correct itself.

The sad fact is that wage inflation has not kept pace with economic growth and the escalation in the price of assets such as property and houses and many are increasingly finding themselves trapped in their own, not middle-income trap, but low-cost trap. It will be interesting to see how wage inflation reacts to those who are earning a salary that is just above the planned minimum wage. It's going to be a tug of war but the situation of a minimum wage will lead to an adjustment. Businesses have react swiftly to economic recessions, slowdowns and other cost increases. They will find a way to survive. Getting more productivity will be something all must strive for. The one consequence of this is people will have to get used to paying more for labour. I doubt the restaurant owner or the mechanic is going to fully absorb the impact of the wage increase but competition might force his hand on this. For those saying they will have to close, think about it for one second. Each business, except for the lucky monopolies, will have competition. Should they close shop as a result of having to pay their workers more, that will mean that survivors will take market share and expand their size of their business. I sincerely doubt the minimum wage will cause a lot of businesses to shut down. Like all businesses, they will find a way and adapt. They always have and that will continue.

- *Deputy news editor Jagdev Singh Sidhu wonders how employers will feel if they were somehow transformed into an employee earning a salary below the poverty threshold.*



Friday March 9, 2012

### Pay rise for civil servants

PUTRAJAYA: Civil servants are to receive salary increases of between 7% and 13% under an improved Malaysian Remuneration System. This follows the scrapping of the controversial Public Service New Remuneration Scheme (SBPA), which had come under criticism from government employees. Datuk Seri Najib Tun Razak announced the improved Malaysian Remuneration System (SSM) to applause from more than 10,000 civil servants at the Putrajaya International Convention Centre. "I hope that this would be the best solution for the benefit of the civil service," he said.



**Immigration Department staff members cheering after Prime Minister Datuk Seri Najib Tun Razak announced salary increases of between 7% and 13%. — MOHD SAHAR MISNI / The Star.** The Prime Minister said employees in the management and professional group from grades 1 to 54 would get an adjustment of 13%. They form the bulk of the 1.4 million civil servants. "The SSM salary structure will be adapted from the Matrix Salary Schedule to the

Minimum-Maximum Salary Schedule for Grades 1 to 54. "The rate of the annual increment for this group is fixed between RM80 and RM320 according to grade." Najib said that employees on the Superscale (JUSA - Jawatan Utama Sektor Awam) and Special Grades A, B and C would have their salaries adjusted by 9%. Salaries of Staff Grade II and III officers would be adjusted by 8%. Salaries of Staff Grade I officers and the Chief Secretary to the Government would be adjusted by 7%. Lower-ranking civil servants had objected to SBPA after it was found to benefit mostly the top officials. Under SBPA, the Chief Secretary to the Government would receive RM60,000 and Staff Grade officers about RM36,000 a month. In contrast, some in the lower grades would get an increase of as little as RM1.70.

SBPA was to have been implemented on Jan 1, but Najib on Jan 12 ordered it postponed and three days later announced the setting up of a task force to review the scheme. The task force, headed by former Public Service Department director-general Tan Sri Ismail Adam, was given three months to get feedback and to come up with recommendations to the government. It received 1,087 complaints besides several memorandums while 23 unions and associations submitted proposals. They include Cuepacs, the National Union of the Teaching Profession, Malaysian Medical Association and the Malaysian Academic Association. The Prime Minister also announced that the Cost of Living Allowance (Cola) would be increased from RM200 to RM250 for the B (semi-urban) area, and from RM100 to RM150 for the C (rural) area. The Cola for the A or urban area is now RM300. Najib said the Critical Service Incentive Payment, Regional Incentive Payment, Interior Incentive Payment and the Educational Subject Incentive Payment would be maintained. Najib said that a commission comprising relevant interest groups would be set up to make a comprehensive study concerned not only with remuneration but also the type of civil service required in the future. "Remember that whatever we do today will have a long-term impact. The Government does not want Malaysia to face a financial catastrophe like Greece," Najib said.



Friday March 9, 2012

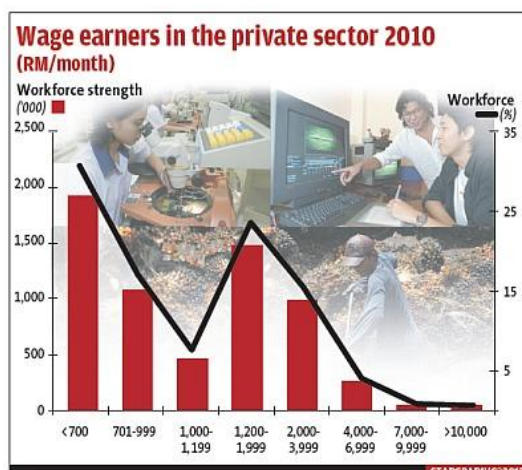
#### NFCorp denies buying commercial properties in Bangsar

PETALING JAYA: The National Feedlot Corporation (NFCorp) has denied purchasing eight commercial properties in Bang-sar using a government soft loan as leverage. In a two-paragraph statement, the company denied the allegations which were raised by the Opposition. PKR director of strategy Rafizi Ramli had claimed that NFCorp executive chairman Datuk Seri Dr Mohamad Salleh Ismail had used the funds to obtain loans for eight shoplot units in the new KL Eco City development in Jalan Bangsar. In a press conference on Wednesday, Rafizi claimed that the shoplot units were worth a forced-sale value of RM9.69mil. Women, Family and Community Development Minister Datuk Seri Shahrizat Abdul Jalil, who is Dr Mohamad Salleh's wife, had stated that she was not involved in the KL Eco City project. NFCorp has been embroiled in controversy after it was revealed that a RM250mil soft loan given by the Government for a national cattle-rearing project was used for unrelated activities.



Saturday March 10, 2012


#### The right to fair pay - By Cecilia Kok [cecilia\\_kok@thestar.com.my](mailto:cecilia_kok@thestar.com.my).



Minimum wage is a controversial policy, but the call for it is to reflect a basic sum that could help low-income earners meet their basic needs. IT is not surprising that the Government's plan to institute a national minimum wage system in Malaysia would be met with resistance in the employers' camp. Minimum wage inevitably spells an increase in cost, as when that mechanism comes into effect, companies will no longer be able to pay their staff usually the unskilled ones who occupy the lower ranks in the hierarchy anything lower



than the "decent" amount that has been set as a statutory floor limit. For many companies, especially the labour-intensive ones that have been hiring people at "peanut" rates, this will then mean they have to raise the salaries of their workers, many of whom are currently still earning below the country's poverty threshold (see charts). And for as many companies as will be affected by the minimum wage legislation, they will likely find it to be a constraint to their ability to maximise profit, which is after all, every company's main objective in business.



**Malaysia's poverty threshold**

Regions	Poverty line income (RM/month)	Hard-core poverty (RM/month)
Peninsular Malaysia	763	464
Sabah	1,048	626
Sarawak	912	590

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**Test of resilience** - Recent reports suggest that the country's minimum wage could be set at anything between RM800 and RM1,000 across the board. But the actual details of the scheme have yet to be made known. They are only expected to be unveiled later

this month. Even so, 16 associations representing companies from the manufacturing, retail and services sectors, have already come out with all guns blazing against what they perceive could be a "too sudden, too high" minimum wage for the country. They are not against the idea of having a minimum wage policy in the country, mind you. They only argue for the implementation of a national minimum wage policy to be done in phases over time, with a smallish amount of increase at each stage, to enable them to cope with the changes. They claim that any salary increase, resulting from a mandatory minimum wage policy that does not commensurate with productivity improvement will only lead to higher production costs. And if these cost increases were not passed on to their customers or consumers (read: inflation), they would lose their competitiveness. This could then eventually lead to a danger of rising unemployment for the economy, as companies resort to reducing their staff numbers to minimise cost, and the worst-case scenario would see some companies closing down because they could no longer cope with the so-called high-cost environment. Some quarters, however, are not buying into that excuse. They believe companies can easily absorb the staff-cost increases brought about by a minimum wage policy, as any changes, after all, will not be as drastic as feared.

According to Human Resources Minister Datuk Dr S. Subramaniam, studies by his department show that Malaysian wages in general constitute an average of only 15% of the total annual expenditure of a company. Throw in the fact that the minimum wage will only affect the salaries of workers in the lower hierarchy of an organisation, or an average of less than 20% of its total number of employees, the resultant increase in cost will likely be marginal. Take the case of labour-intensive plantation industries. The Malaysian Agricultural Producers Association, which represents about 140 plantation companies, agreed to pay all plantation employees a guaranteed sum of RM850 each month with effect from September last year. The guaranteed sum comprises a minimum wage of RM650 per month and an additional remuneration of RM200 per month. Calculations by analysts suggest that the impact on the earnings of plantation companies, on the back of the mandatory wage hike, would be minimal not more than 4%. For instance, Maybank Investment Bank Bhd's calculations found the impact to range from 0.8% to 3.7% in terms of the decline in the companies' net profits. TA Research's estimates put that at around 1% to 3%, while Affin Investment Bank Bhd expected the impact to be no more than a 2% to 3% decline in net profit. "Industries have been subjected to greater jolts before," Subramaniam said in an interview with *StarBizWeek* last year. "When raw material and fuel prices went up, the costs of doing business went up even much higher. But companies could still adjust and absorb those cost increases," he explained, adding that he believed that the resultant marginal increase in labour costs, therefore, would be something that most companies could absorb.

**Time to transform** - Many companies in Malaysia have for long been dependent on cheap labour to maintain a high profit margin for their businesses. And the abundance of cheap labour in the country has for long been a major attraction for foreign investments to set up low value-add, labour-intensive industries in the country. Clearly, though, the days of having cheap labour in Malaysia are coming to an end, and for good reasons, as the nation prepares itself to graduate from the middle-income trap to become a high-income and developed nation by 2020. According to RAM Holdings Bhd group chief economist Dr Yeah Kim Leng, while Malaysia is currently experiencing full employment, the country is also facing an "undesirable excess demand for low-skilled, low-paying jobs that have retarded the economy's upgrading and shift to high-end, high-value and high-paying industries". In line with the greater aim of the nation, companies have to transform by moving up the value chain, and mechanise their operations to improve productivity and enhance their competitiveness.

Investments in new technology and innovation are necessary in an increasingly competitive and challenging global business environment, so say economists. Low-end, labour-intensive businesses operating at the margin can be driven out of business if they do not keep pace and transform according to the changing macro-economic environment. "In such instances, companies will have no one, but themselves, to blame," an industry observer says. He couldn't be more right, as history tells us that companies that fail to change according to times and circumstances will indeed die a slow death. "As wages start to increase, low-end, labour-intensive businesses may complain that Malaysia is no longer a competitive place in which to operate, they may even relocate to some other countries ... in that case, I think they are making the right decision," the industry observer argues. "The country is moving up the value chain; what we need in the country are companies that operate in capital intensive, high-end industries; not low-end stuff anymore," he adds.

Hard-disk drive component manufacturer JCY International Bhd provides a good example of how transformation is gradually taking place in its company. It reckons that rising labour costs, among other things, are a constant battle for its operations in Malaysia. To counter that, the company has invested money in automation initiatives to improve its operational efficiencies and to reduce its reliance on manual labour. At the same time, the company is also shifting its labour-intensive operations to lower labour-cost countries. The downside of the exercise, unfortunately, includes headcount reductions. Call that a birth of something greater. Pundits reckon that there will be some painful adjustments along the way, as Malaysia transforms its economy, but these are necessary processes that the country has to go through. "Ideally, companies (especially manufacturers) should do away with cheap foreign labour in order to safeguard their bottom lines in the long term," Malaysian Rating Corp Bhd (MARC) chief economist Nor Zahidi Alias says.

"An over reliance on cheap foreign labours, while keeping their costs low and maintaining their favourable profit margins in the short term, will eventually lead to inefficiencies and higher costs in the long term. "Further mechanisation of production processes and resorting to high value-added activities such as research and development, on the other hand, would increase business efficiencies over time," he explains. **Rebalancing the economy** - For a country on the way to become a "high-income" economy - defined as one with a minimum per capita income of US\$15,000, or RM45,000 based on a an exchange rate of RM3 per US dollar - it is staggering to see the majority of its workforce still languishing in this so-called low-income trap. According to the National Employment Return Study conducted by the Human Resources Ministry, one third of Malaysia's workforce is still living on basic wages that are below the poverty line income. It's found that about 30%, or 1.92 million workers, were earning below RM700 in 2010.

This compares with the prevailing poverty line income of RM763 per month for Peninsular Malaysia, RM1,048 per month for Sabah and RM912 per month for Sarawak. We all know people who live on low wages often have to make tough choices just to make ends meet - from feeding the family to clothing them and ensuring a proper shelter, life is a constant struggle to this segment of people in our society. The rising cost of living, which experts say is a global phenomenon, makes it worse. This cruel reality has caused the low-income group even more vulnerable and hard-pressed to just pay for their basic necessities. Spiralling debt can be a result of them living on a tight budget, and that could exacerbate their already challenging circumstances. "There is an urgent need to campaign for the implementation of the minimum wage, which should reflect the basic living wage to provide for the elements of housing, food, clothing, education, health, recreation and other normal human requirements," the Malaysian Trades Union Congress states in its manifesto.

In arguing that there is some degree of wage suppression, especially towards those in the low-skilled category, and inefficiencies in the labour market, the Malaysian Institute of Economic Research points to the slow growth of wages in relation to labour productivity growth. According to a World Bank's study, wages growth in Malaysia has only recorded an average increase of 2.6% per year from 1994 to 2007. Real labour productivity, on the other hand, grew at an annual 6.7% during the same period. Most economists reckon that minimum wage is not a cure-all policy, but this, if implemented correctly, could be a step in the right direction to iron out the imbalances found in the system. "The country's high-income transformation agenda requires a high wage policy to drive industries up the value chain and a minimum wage to take care of disenfranchised," Yeah argues. "Labour should not be seen as merely an input to production, but also as a development goal. Workers' welfare, therefore, is paramount in national policy decision-making, hence the desirability of a minimum wage policy, although it is not a panacea to the country's low wage woes and growing income inequality," he adds.

In China, policymakers are gradually increasing the country's minimum wages as one of the many initiatives to boost domestic demand on a more sustainable basis. Beijing's objective is to rebalance the country's economy towards one that is more dependent on domestic demand, rather than on exports. Malaysia can bank on the same principle, as a minimum wage policy can help to boost the disposable income of many workers in the country. "The extra money in consumers' pockets will eventually find its way into consumption, which will generally be positive for the economy," Zahidi explains.



Sunday March 11, 2012

### **S'gor govt urged not to sell part of Shah Alam Botanical Garden - By TEH ENG HOCK**

SHAH ALAM: The Selangor state government has been urged not to sell part of the Shah Alam National Botanical Garden but, instead, lease the entire park to the Federal Government. Agriculture and Agro-based Industries Minister Datuk Seri Noh Omar said the state government had proposed to take over the management of the park, which had been handled by the ministry since it was developed in 1986. "The state proposed to sell 100 acres (40.5ha) of the park to raise RM100mil, which would be put into a trust fund to manage the park. "The ministry does not agree with this proposal. If they lease the park to us, we have the funds to develop it without having to sell any land," he told reporters after visiting the botanical garden here.

**Chronology of the NFCorp issue - The NFCorp issue a chronology of events**

**2011: Oct 24** - The Auditor-General's 2010 highlighted the National Feedlot Centre (NFCorp)'s failure to achieve its target of 8,000 heads of cattle that year. The RM74 mil centre in Gemas, Negri Sembilan only achieved 3,289 heads of cattle or 41% of the target. **Nov 1** - PKR piles the pressure on Shahrizat, demanding that she explain claims of financial mismanagement and corruption in the NFCorp, run by her husband and two of their children. **Nov 15** - The MACC hand over investigations into the alleged multi-million ringgit purchase of a luxury condominium in Bangsar by the NFCorp to the police. **Nov 16** - NFCorp executive director Wan Shahinur Wan Salleh said they had used nearly RM600,000 of its funds to pay for credit card expenses, but pointed out that they were corporate cards used for "business development purposes". **Nov 18** - NFCorp executive chairman Datuk Dr Mohamad Salleh Ismail denied claims that the project was in a mess, claiming they are on track to produce 60,000 heads of cattle by 2015. Salleh also justified the purchase of two luxury condominiums costing RM6.9 mil each, saying the investment would generate an annual yield of some RM900,000 or a 12.9% return of investment rate.

**Nov 19** - Inspector-General of Police Tan Sri Ismail Omar said Bukit Aman had started a probe into the NFCorp. **Nov 29** - Shahrizat brushes aside calls for her to quit over her family's involvement in the NFC scandal, saying that it had nothing to do with her. **Dec 1** - PKR unveil more allegations of financial misappropriation by the NFCorp, claiming that the company ought a luxury car, two plots of land and paid for holiday packages using part of its RM250mil Government soft loan. Deputy Inspector-General of Police Datuk Seri Khalid Abu Bakar however announces that they found no elements of criminal breach of trust or misappropriation in their ongoing investigation into the NFCorp. **Dec 3** - Home Minister Datuk Seri Hishammuddin Tun Hussein says the probe into the NFC would continue, regardless of the police's preliminary findings that there were no elements of criminal breach of trust. **Dec 6** - Police say the NFC's purchase of two RM6.9mil luxury condominiums was kosher as they were registered under a corporate firm and not in the names of individuals. **Dec 24** - The MACC raid the NFC office in Mont Kiara, taking several envelopes filled with documents and a computer, believed to be linked to the various claims levied against the company.

**2012: Jan 3** - Shahrizat denies having tendered her resignation, amidst speculation that she had handed over her resignation letter to Prime Minister Datuk Seri Najib Tun Razak over. **Jan 13** - Shahrizat takes leave from her official duties to make way for the MACC's probe on whether or not she had any involvement in the NFCorp issue. **Jan 15** - Najib confirms that the NFC's assets are frozen to assist into investigations over alleged misappropriation. **Jan 16** - Police conclude their probe into the NFCorp, and present their findings to the Attorney-General for further action. **Jan 19** - Deputy Prime Minister Tan Sri Muhyiddin Yassin announces the Government's decision to appoint an accounting firm to carry out a due diligence and project audit on the NFCorp. **Jan 20** - Shahrizat files a RM100 mil suit against PKR Ampang MP Zuraidah Kamaruddin and strategic director Rafizi Ramli for defamation in connection with the NFCorp issue. **Jan 26** - Auditor-General Tan Sri Ambrin Buang clarifies his department's 2010 report on the NFC, saying that they highlighted weaknesses in implementation of the project - but never mentioned anything on misappropriation of funds.



**Feb 8** - The police resubmit their investigation papers on the NFCorp to the Attorney-General's Chambers and are awaiting orders on the next course of action, after beefing up their findings at the request of the Attorney-General. **Mar 3** - The Attorney-General returns the police's investigation papers on the NFC yet again, ordering the men in blue to carry out further investigations. **Mar 8** - Police reveal they are probing a RM1.7 mil apartment cum office purchase by the NFCorp in Khazakhstan, believed to have been made after the company signed an agreement to help the Khazakhstan government breed cattle.



Monday March 12, 2012

### High-ranking NFCorp official expected to be charged Monday

KUALA LUMPUR: A high-ranking official of the National Feedlot Corporation (NFCorp) is reportedly expected to be charged with criminal breach of trust Monday. A police source said authorities have taken the official in for questioning and expect to charge him later in the day. It is learnt that the official is also expected to be charged under the Companies Act for several alleged irregularities. The official is being question at the Commercial Crimes Investigation Department (CCID) headquarters in Bukit Perdana, before officials execute the warrant for his arrest prior to formally charging him. Police began investigating the corporation shortly after the scandal hit the headlines following the Auditor-General's 2010 Report highlighting the failure of NFCorp's National Feedlot Centre to meet the annual beef production target set by the Government. Set up in 2006, NFCorp was supposed to produce 38,600 heads of cattle in 2010 but fell short as the Entrepreneur Development Pro-gramme, involving 130 satellite farms, had not been implemented. The police initially concluded their investigations into the possible criminal breach of trust and cheating by NFCorp and submitted the investigation papers to the Attorney-General in mid-January. However, the A-G returned the papers on Jan 17. NFCorp is being investigated by both the police and Malaysian Anti-Corruption Commission (MACC) simultaneously.



Tuesday March 13, 2012

**NFCorp boss claims trial - By MAIZATUL NAZLINA and TERENCE TOH**  
[newsdesk@thestar.com.my](mailto:newsdesk@thestar.com.my)

KUALA LUMPUR: The executive chairman of the National Feedlot Corporation Sdn Bhd has claimed trial at the Sessions Court here to two counts of committing breach of trust and two counts of violating the Companies Act 1965 involving RM49.7mil. Datuk Seri Dr Mohamad Salleh Ismail, 64, arrived in court at 2.15pm accompanied by his wife Datuk Seri Shahrizat Abdul Jalil, their eldest son Wan Shahinur Izmir and other family members. The charges were read to Dr Mohamad Salleh at 2.27pm before judge S.M. Komathy Suppiah in a packed courtroom. The proceedings yesterday marked a new chapter in the NFCorp controversy which arose after the Auditor-General's 2010 Report highlighted the failure of the National Feedlot Centre to achieve its target, and which grew with revelations that the company had used the government-funded soft loan for purposes not related to cattle breeding. Dr Mohamad Salleh was charged with dishonestly misusing funds amounting to RM9,758,140 through four cheques to partly finance the purchase of two units of One Menerung Condominium in Block B here for the National Meat and Livestock Corporation Sdn Bhd, which he owns with one of his sons.



Day in court: Datuk Seri Dr Mohamad Salleh Ismail (above) leaving the courthouse after being charged. Also present were his wife Datuk Seri Shahrizat Abdul Jalil and their son Wan Shahinur Izmir Salleh (below). According to the charge, he committed the offence in his capacity as an NFCorp director entrusted with control over the company's assets. He is said to have committed the offence at CIMB Islamic Bank Bhd in Jalan Burhanuddin Helmi, Taman Tun Dr Ismail, here between Dec 1 and 4, 2009. Dr Mohamad Salleh was charged under Section 409 of the Penal Code which carries a jail term of up to 20 years, a fine and whipping. He is also accused under Section 132(2)(a) of the Companies Act 1965 of committing the offence without approval from an annual general meeting of NFCorp to gain profit directly. He is also accused of transferring NFCorp's funds of RM40mil through a cheque into the National Meat and Livestock Corporation's account at the same bank from May 6 to Nov 16, 2009. For this, he faces charges of criminal breach of trust and violating the Companies Act. Deputy Public Prosecutors Dzulkifli Ahmad, Awang Armadajaya Awang Mahmud and Azimul Azami prosecuted while the defence was led by Badrul Munir Bukhari. Pleading for a lower bail, counsel Badrul Munir said Dr Mohamad Salleh had given his full cooperation to the police and prosecution, and his client was in court to clear his name. He applied to release the accused on a RM50,000 personal bond for each charge.



Dzulkifli said the prosecution had no objection to the application as they did not see why Dr Mohamad Salleh would flee the country. He, however, said the accused should surrender all his travel documents to the court. Dzulkifli applied to the court under Section 165 of the Criminal Procedure Code for a single trial for all the charges. Judge Komathy agreed to a single trial and set bail of RM500,000 with one surety for all four charges. She

also ordered Mohamad Salleh to surrender his passport pending mention of his case on April 13. Wan Shahinur Izmir paid the bail. Shahrizat was impassive in court and declined to speak to reporters after the proceedings.

## Datuk Seri Dr Mohamad Salleh Ismail

> Husband of Women, Family and Community Development Minister Datuk Seri Shahrizat Abdul Jalil.

> They have two sons and one daughter – Wan Shahinur Izmir, 31, Wan Shahinur Izran, 27, and Wan Izzana Fatimah Zabeedah, 25.

> Dr Mohamed Salleh was National Heart Institute (IJN) chairman for a few years until he stepped down in 2009.

> He currently heads the National Feedlot Corporation (NFCorp) as executive chairman. His three children are also on the company's board of directors.



> NFCorp, which runs the National Feedlot Centre (NFC), has been under scrutiny since October, 2010, when the Auditor-General's 2010 Report highlighted the centre's failure to meet its yearly cattle-production target.

> In November 2010, the police started investigating NFCorp. More allegations of financial misappropriation by the company have surfaced since.

### Muhyiddin commends Shahrizat's brave decision

KUALA LUMPUR: Tan Sri Muhyiddin Yassin has congratulated Datuk Seri Shahrizat Abdul Jalil for making "a brave" decision to relinquish her Cabinet post. The Deputy Prime Minister said such a decision would not have been easy to make by anyone in her position and described the move as right, adding that this should be respected by all parties. "I would like to congratulate Shahrizat for making a brave decision. She has placed the Government and party (Umno) above personal interest. That is a major sacrifice on the part of a leader who is leading a party wing," he said. Muhyiddin said parties should look at her decision as a responsible act as she wanted to fulfil her duties at the ministry. "In my opinion, Shahrizat is always committed to carrying out her responsibilities as a Cabinet minister. She also ensured that appropriate programmes are being outlined by her ministry for all target groups."

### Shahrizat absent from opening of Parliament



KUALA LUMPUR: Datuk Seri Shahrizat Abdul Jalil who will relinquish her ministerial post when her senatorship ends next month was conspicuous by her absence at the opening of Parliament. She was not among the Cabinet ministers and other dignitaries gathered at Parliament Square for the arrival of the Yang di-Pertuan Agong Tuanku Abdul Halim Mu'adzam Shah. Her aide Eikmar Rizal Ripin confirmed that the Women, Family and Community Development Minister did not attend the opening of Parliament but gave no

reason. Eikmar Rizal said Shahrizat would be busy in the weeks ahead to see through several programmes before her term as senator ends on April 8. **Show of support: Shahrizat's close relatives and friends as well as her staunch supporters at her home in Damansara Heights in Kuala Lumpur after her husband was charged yesterday.** — AHMAD IZZRAFIQ ALIAS / **The Star** . Shahrizat had announced on Sunday that she would relinquish her Cabinet post but would remain as Wanita Umno chief. She had been drawn into the controversy surrounding the National Feedlot Corporation of which her husband Datuk Seri Dr Mohamad Salleh is executive chairman and their son Wan Shahinur Izmi is chief executive officer. MPs from both sides of the political divide continued to comment on Shahrizat's announcement, with Opposition Leader Datuk Seri Anwar Ibrahim describing it as "too late". Home Minister Datuk Seri Hishammuddin Hussein said: "The situation involves moral and personal issues and she is courageous in doing so (resigning from the Cabinet)." Hishammuddin said he respected her decision to resign as minister and would support her as Wanita Umno chief. Agriculture and Agro-based Industries Minister Datuk Seri Noh Omar commended Shahrizat for stepping down. "She is a strong leader and has done the right thing although it (the NFCorp controversy) has nothing to do with her," he added.



Penang Chief Minister and Bagan MP Lim Guan Eng described Shahrizat's resignation as a "half-hearted" move and said she showed "no real remorse". "By resigning, she is admitting that something is wrong and so she should resign from both her ministerial position and her post as Wanita Umno chief. If there is nothing wrong, why should she resign?" he said. Rural and Regional Development Minister Datuk Seri Mohd Shafie Apdal (BN-Semporna) said Shahrizat's resignation was genuine, timely and the right decision. "Her resignation as a minister has nothing to do with her position in Umno. It doesn't mean that she should relinquish her Wanita Umno post which she won (in the party election)," he said. "It just so happens that her husband is involved (in the NFCorp controversy). Let the law take its course." Deputy Minister in the Prime Minister's Department Datuk Ahmad Maslan said the Opposition should not look at Shahrizat's resignation as an admission of guilt. "She wants to speed up investigations." At Shahrizat's bungalow in Damansara Heights here, close friends and family rallied around her after Dr Mohamad Salleh was charged. Alongside several of her most staunch supporters from Wanita Umno, they were seen streaming into the home yesterday. The auxiliary police stationed there and her bodyguards, however, did not allow reporters to approach the house.



Tuesday March 13, 2012

**Dam's safety under threat - By MOHD FARHAAN SHAH [farhaan@thestar.com.my](mailto:farhaan@thestar.com.my)**



**LABIS:** Farmers have encroached into the Bekok Dam, posing a threat to the water catchment area and contaminating the reservoir with chemicals. State Drainage and Irrigation Department director Chong Chee Han said the long-standing issue had become the main focus for the state government, as the dam served close to half a million people. He pointed out that the state secretary had called for a meeting with relevant agencies to tackle the issue. "The state government will gazette the Bekok Dam as a water catchment area soon to make sure

there is no more encroachment," he said. **Cause of worry: The site of the Bekok Dam in Labis, Johor.** The chemicals, including fertilisers and diesel-powered machinery, are used to plant crops in the area near the dam. This poses a threat as the chemicals will be absorbed into the soil or washed into the dam during a downpour. **Chong also said the 2008 Auditor-General's Report had stated that there was rampant encroachment by plantations and farmers into the Bekok Dam and that vast tracks of land around catchment areas, totalling almost 100,000ha, had yet to be gazetted.** Syarikat Air Johor Holdings (SAJ) Sdn Bhd corporate communication manager Jamaluddin Jamil said it had taken measures to ensure the water was safe for consumption.



**Dr Wee showing a picture of the site which is being encroached by farmers.** "However, SAJ may face problems in the future if the encroachment and pollution continue to contaminate the water at the dam," he said. State Water Regulatory Authority director Idris Kaparawi said water quality at 15 dams state-wide was acceptable according to World Health Organisation and Health Ministry guidelines. "The authorities have carried out regular checks at all dams in the state where we have found nothing," he said. Meanwhile, Ayer Hitam MP Datuk Dr Wee Ka Siong said he had informed Mentri Besar Datuk Abdul Ghani Othman about the matter and urged the state and federal



governments to take immediate action. He added that 500,000 users might face health risks, including cancer, if steps were not taken quickly to stop the encroachment. "At the moment, there is only one security guard on duty at the Bekok Dam, which is almost the size of Singapore, in an eight-hour shift in two sessions. "One security guard is not enough to guard the area and stop encroachment," he said.



Wednesday March 14, 2012

**Bekok folk told to be on lookout - By NELSON BENJAMIN and CHRISTINA TAN**  
[newsdesk@thestar.com.my](mailto:newsdesk@thestar.com.my)



**JOHOR BARU:** Residents living around the Bekok Dam have been advised to be the "eyes and ears" of the authorities in an effort to stamp out encroachment into the reservoir. Ayer Hitam MP Datuk Dr Wee Ka Siong said the encroachment should be stopped to prevent the possibility of water pollution from occurring in the area. "There had been cases of people clearing the land to plant crops, leading to the use of pesticides which can pollute the water source. **Slash and burn: A part of the forest on the fringes of**

**Bekok Dam allegedly being cleared for farming activities.** "The district and state land office has been successful in taking action against seven such illegal encroachments in the area," he said, adding that those involved in the latest case were nabbed on Feb 18. Dr Wee was confident that the local enforcement agencies could come down hard on the culprits once the state government had gazetted the area. "I want to advise local residents to not believe that by paying off certain individuals, you will be able to cultivate a plot of land beside the dam," he said, adding that the Bekok Dam was an important water source supplying water to 500,000 households in Batu Pahat.

Dr Wee said it was important for security to be stepped up around the dam, including deploying army personnel around the area to check encroachment activities by farmers. "I want to assure the people that the water from the Bekok Dam is safe for consumption as it is treated according to standards and tests are also conducted regularly to ensure it is safe for consumption," he said, adding that the state government was in the midst of gazetted the area as a protected area. State Water Regulatory Authority director Idris Kaparawi, when contacted, said the water quality in Bekok and 14 other dams state-wide was accepted according to the World Health Organisation and Health Ministry guidelines. Meanwhile, residents living around the dam have expressed concern and called on the authorities to take stern action to prevent encroachment activities. Daud Rosmin from Kampung Sri Sepakat claimed that due to the encroachment activities, erosion usually occurred during heavy rains, causing soil to flow into the dam. A resident from Kampung Belian said the villagers there were worried about water pollution. "The authorities have conducted raids several times but those involved in the encroachment activities just return when the authorities have left," he said, adding that a committee should be set up to watch over the dam.

### Mega sand theft site found in Selangor



**Large area:** Hulu Selangor land office personnel inspecting the illegal sandmining area in Bukit Beruntung. **RAWANG:** Sand theft in Selangor has worsened with the latest discovery of another sand-mining area the size of three football fields. It is believed to be the state's biggest illegal sand-mining activity detected by the authorities so far. The Hulu Selangor land office discovered it near SKC Kampung Timah in Bukit Beruntung here during an enforcement raid against sand thieves last week. The culprits

bolted during the raid, leaving behind an excavator and a lorry. Assistant district officer Mohd Rohib Misnan said the illegal activity had been going on for the last six months, acknowledging, however, that it was difficult to catch the thieves.

### MACC probes big-bucks illegal sand mine case

**PETALING JAYA:** The Malaysian Anti-Corruption Commission (MACC) is now investigating what it has described as the biggest illegal sand-mining activity in Selangor. Referring to the discovery of a sand-mining area the size of three football fields in Rawang, an official from MACC said: "In a small-scale illegal sand-mining activity, there would be an excavator, a washing area and a few lorries." "However, this area has three excavators, two sand washing areas, a pontoon suction pump in the river and dozens of lorries." The official, who declined to be named, said the MACC was aware of the illegal sand-mining activity in the area and was conducting aerial and land inspections.

**NFCorp hearing to go on - By REGINA LEE and RAHIMY RAHIM**  
[newsdesk@thestar.com.my](mailto:newsdesk@thestar.com.my)

**PETALING JAYA:** The scheduled hearing on the National Feedlot Corporation (NFCorp) will still go on, said the Parliament's Public Accounts Committee chairman. Datuk Seri Azmi Khalid (BN-Padang Besar) said the NFCorp representatives, as well as officials from the Agriculture and Agro-based Industry, and Finance Ministries would still be called up to testify before the committee next Monday. This is despite NFCorp executive chairman Datuk Seri Dr Mohamad Salleh Ismail being charged in court on Monday. Azmi said they have yet to finalise specific matters to be discussed, with a mind not to break the *sub judice* rule of the court proceedings. The representatives are expected to explain the RM250mil in soft loan given by the Government to NFCorp meant for a national cattle farming project. In the previous PAC hearing on Nov 23, Agriculture and Agro-based Industry Ministry officers, including the secretary-general, confirmed that the NFC was able to withdraw its soft loan even before a contract with the

Government was signed. Salleh was charged on Monday with two counts of committing breach of trust and two counts of violating the Companies Act 1965 involving RM49.7mil. PAC deputy chairman Dr Tan Seng Giaw (DAP-Kepong) also said the court charge would not affect the hearing. "There were already past precedents such as the hearings on the Port Klang Free Zone controversy," he said. Separately, the Dewan Rakyat rejected an emergency motion tabled by Ampang MP Zuraidah Kamaruddin to discuss the NFCorp issue. In rejecting the motion, Speaker Tan Sri Pandikar Amin Mulia said: "At first I allowed it to be read but now the matter has been brought to court. So I cannot do as I please. It must follow the standing orders and my decision is final."



Wednesday March 14, 2012

#### Dumpsite operators ignoring orders - By STUART MICHAEL [metro@thestar.com.my](mailto:metro@thestar.com.my)

TWO dumpsites, one behind the Gombak district police headquarters and another near the MRR2, off Jalan Genting, are still operating despite notices issued to the owners to cease operations. The Selayang Municipal Council (MPS) has issued notices to the illegal dumpsite owner near MRR2 but lorries could still be seen unloading their rubbish in the area. The council has not stationed enforcement officers at the site to monitor the area.



**Health hazard:** Open burning at the dumpsite behind the Gombak district police headquarters in Selayang. The dumpsite behind the Gombak police headquarters is only for construction waste but household rubbish was also being dumped there and open burning carried out. There is fear that the open burning will pose a danger to residents living in apartments about 50m away from the site. The dumpsite operator, known only as Lim, said the household rubbish was dumped by the previous operator. "After taking over the project six months

ago, we only allow construction waste and wood to be thrown here. Now, we are levelling the area with red earth. Last week, MPS had told the operator to level the area with earth on top of the rubbish and stop the garbage trucks from entering the site.



**Dumping ground:** A lorry dumping its load at the illegal dumpsite at MRR2 of Jalan Genting. However, rubbish trucks still come to offload their garbage, wood and construction waste in the area. When contacted, MPS public relations director Mohd Zin Masoad said the dumpsite near MRR2 was illegal and many summonses had been sent to the operator. "The dumpsite near the Gombak police station was given permit only to dump construction waste. "However, we have closed the dumpsite and waiting for a report on the open burning at the site," he said.

**Sand issue gets messy**

THE war is on, although undeclared, between the sole licensed sand supplier and illegal operators in Selangor. Worse still, Semesta Sdn Bhd is engaged in a bitter dispute with the state-controlled public-listed company Kumpulan Hartanah Selangor Berhad. Because of the huge demand from the construction industry and the seeming lack of control, sand theft is expected to continue unabated. Semesta itself is certain to continue to make handsome profits due to the demand and because of the low royalty it pays to mine land owned by a government-linked company.

SHAH ALAM: Sand theft in Selangor is expected to continue to be rampant as the sole licensed supplier is hard pressed to meet the demands of the construction industry which has admitted to buying from questionable but cheaper sources. Illegal miners, who encroach into government land, are believed to be selling sand for RM14 to RM15 per tonne, compared to RM17.50 to RM20 charged by the state-owned Kumpulan Semesta Sdn Bhd. While engaged in the undeclared war with illegal operators, Semesta is also embroiled in a bitter rivalry with the state government-controlled public-listed company, Kumpulan Hartanah Selangor Berhad. Semesta, which was set up by Menteri Besar Tan Sri Khalid Ibrahim in 2008, recorded a profit of RM7mil in just one year, but sources said that this was at the expense of KHSB.

**NFCorp loses mall lease - By TASHNY SUKUMARAN [tashny@thestar.com.my](mailto:tashny@thestar.com.my)**

KUALA LUMPUR: A shopping mall in Singapore has cancelled the lease of its planned anchor tenant - Farmhouse Supermarkets - as the store, which is linked to Datuk Seri Shahrizat Abdul Jalil, did not get its premises ready on time. DAP national publicity chief Tony Pua said according to a report in a Singapore newspaper, the "concept supermarket" at Rochester Mall was owned by Datuk Seri Dr Mohamad Salleh Ismail, who is executive chairman of the National Feedlot Corporation (NFCorp) and husband of the Women, Family and Community Development Minister. "We must make sure the losses will be covered by the family and not the NFC, which is, essentially, taxpayers' money," Pua said at the Parliament lobby yesterday. The Opposition has accused Shahrizat's family of allegedly abusing a RM250mil federal loan given to NFCorp to fund personal business ventures. PKR had earlier alleged that the rental for the supermarket - which would have occupied the entire second floor of the mall - would have cost RM22mil per month. Mohamad Salleh had said the cattle-rearing firm was building up the market in Singapore. Salleh pleaded not guilty on Monday to charges of criminal breach of trust and violating the Companies Act in relation to mismanaging federal funds given specifically to manage the NFC project.



**Many projects abandoned as developers only want huge profits**

NUSAJAYA: Greedy developers are the main reason for the many abandoned housing projects in Johor. State Local Government and Housing Committee chairman Datuk Ahmad Zahri Jamil said there were 12 abandoned projects involving more than 4,616 residential units. "They (greedy developers) want to finish their projects early to make huge profits without having a strong cash flow," he said. The Johor Baru district has the highest number of abandoned projects with four in Taman Cahaya Kota Puteri, Taman Seri Baiduri, Taman Desa Larkin and Taman Mewah Jaya. Ahmad Zahri said the Ledang district was second with three abandoned projects, namely Taman Tangkak Emas, Taman Sri Nilam, Taman Sri Emas 7 while Batu Pahat's three abandoned projects were in Bandar Putera Indah, Taman Jasa Amir, and Taman Emas Surya. The two stalled projects in Kluang are in Taman Mengkibol and Taman Sri Layang-Layang. "Several steps have been taken to revive these projects," he said in his reply to Ng Lam Hua (DAP-Mengkibol) during the state assembly meeting yesterday. Ahmad Zahri said new developers had been appointed to take over the projects with eight developers appointed by the Housing and Local Government Ministry and one by the state government. He said the ministry was in the process of appointing new developers to rehabilitate Taman Mewah Jaya in Johor Baru, Taman Emas Surya in Batu Pahat and Taman Sri Layang-Layang in Kluang. "We have to make sure that it is a win-win situation for both the new developers and house buyers," he said.

**PM: PSC to increase public awareness of Lynas issue**

IPOH: Datuk Seri Najib Tun Razak said Saturday the setting up of a parliamentary select committee (PSC) to look into issues related to the Lynas rare earth plant in Gebeng, Pahang, is an engagement process with the public to ensure that the matter is well understood by them. However, the Prime Minister said that the committee would not decide on the fate of the project. "It has to do with the process of engagement with the people and for them (PSC) to look at all aspects of the project, especially the safety factor and any possible threats to health," he told reporters after opening Sekolah Jenis Kebangsaan Cina Wan Hwa 2's new four-storey building costing RM9mil, here. Reports said the cabinet, which met Friday, gave the green light for the establishment of the committee amid concerns over the plant's possible safety and health risks. Minister in the Prime Minister's Department Datuk Seri Mohd Nazri Aziz was quoted as saying that the nine-member committee, comprising four representatives from the Barisan Nasional, three from the opposition and one independent member, would be headed by Higher Education Minister Datuk Seri Khaled Nordin. Commenting further, Najib said the government must have an engagement with the rakyat so that any project carried out would not be opposed by the people or create public fear. "On the Lynas issue, we feel there are still certain things that we need to fulfill, that is, the engagement process, so that we can convince the groups who are still suspicious whether the project is safe or otherwise," Najib said. The Prime Minister hoped that the committee could raise awareness on the project so that "we can achieve comfort in terms of better public acceptance." - Bernama.

**Pushing back the retirement age - By FINTAN NG [fintan@thestar.com.my](mailto:fintan@thestar.com.my)**

THE debate swirling around the Government's intention to officially set the private sector's retirement age at 60 raises a number of questions, none of which are new. The Government's move comes after the proposal to raise the civil service retirement age to 60 from 58 last October. According to reports, the Private Sector Retirement Age Bill will be tabled in parliament soon, with provisos to allow those who reach 60 to renew up to 64 and may contain a clause allowing people to retire earlier. At present, the Employment Act 1955 does not state any age for retirement, while the only regulation on age is the withdrawal of the Employees Provident Fund (EPF), which is set at 55 under the EPF Act 1991. Job seekers and employees are wrong to believe that pushing up the retirement age for the private sector will necessarily mean fewer employment or promotion opportunities. -Starpic by Uu Ban Leong. Those who object to a higher retirement age from new entrants to the workforce, to industry lobby groups have set out their concerns before.

Top on the list of worries for young job seekers is the fear of fewer job opportunities should those employed be retained for a longer period. For employees with aspirations, a common grouse is that they may have to wait a little longer for their promotions and sit in that coveted corner office while for employers, costs play a big role. However, job seekers and employees are wrong to believe that pushing up the retirement age for the private sector (or for the public sector for that matter) will necessarily mean fewer employment or promotion opportunities. This "fallacy of labour scarcity", as UCSI University academic and political analyst Dr Ong Kian Ming tells *StarBizWeek*, is not true. Rather, it is the role of the Government to facilitate a conducive environment for firms to invest so that job opportunities opens up while talented and experienced employees have a chance to rise up the corporate ladder as businesses expand.



Deloitte Consulting Malaysia executive director Andrew Lee says a recent study in Britain shows that a one-year extension of working life implemented increases real gross domestic product by around 1% after about six years following its implementation. **Dr Ong says the 'fallacy of labour scarcity' is not true.** "On the upside, two benefits are immediately clear. Firstly, because people work longer, raising the

retirement age increases revenues coming into the social security system. Secondly, because people retire later, the payout to retirees falls," he says. Yes, there will be some lag in job opportunities in certain industries when people are retired later. For example, in the US aviation industry, pilots have to wait longer for promotion to captain because of the increase in retirement age for captains to 65 from 60. A recent *Bloomberg* report quoting an industry hiring expert says "first officers are finding it more difficult to get promotions as the higher retirement age for captains creates a logjam at the top of the chain". Lee says the study shows that while there may be a temporary increase in the unemployment rate as the economy adjusts to an expansion in the labour force, after four years all the additional labour will be absorbed. "Consumption will also rise more than output, as savings could be lower given that people face shorter periods of retirement," he says. When the bill to set a higher retirement age for the private sector becomes law, the pressure will be on the Government to really work hard to convince firms to expand their businesses in order that the job targets under the Economic Transformation Programme (ETP) can be achieved.

Since the private sector employs more than 90% of the close to 13 million-strong workforce, with the small medium enterprises (SMEs) accounting for more than 60% of employment, changes to make the economy more competitive will be crucial, as these changes will lead to job creation. In other words, the Government will need to focus on reforms to dispel the lingering negative perceptions that hobble private sector investment and participation in the economy since much of the ETP investments so far is coming from public funding and the government-linked companies (GLCs). Indeed, at a time when people need all the upbeat news they can get, the 20,000 jobs to be created for the East Coast Economic Region from the RM9bil pledge in investments recently announced should be incentive enough to spur reforms.

**More needs to be done** - Part of the convincing will come via implementing reforms recommended in the New Economic Model (NEM), which addresses long-term issues and is the blueprint for the country's economic transformation. However, observers say the cross-cutting



reforms are not being implemented fast enough, with the Government more focused on the project-based initiatives of the ETP as represented by the National Key Economic Areas. As Bangkok-based World Bank senior economist Frederico Gil Sander points out in an email reply, the project-based approach under the ETP is likely to continue to generate improvements to Malaysia's business environment but there is a risk that the country will focus more on improving the environment without addressing the more difficult domestic structural challenges to competitiveness identified in the NEM. "The largest

gains for Malaysia at this time will come from addressing structural constraints through accelerated implementation of the Strategic Reform Initiatives (SRIs) rather than further improving the business environment (although of course both can and should be pursued in parallel)," he says. The SRIs, whose final form came out last July, identifies public finance reform, the Government's role in business, human capital development, public service delivery, international standards and liberalisation and bumiputra SMEs as areas to focus on to boost competitiveness. Sander says the ongoing efforts to address issues of regulatory and administrative constraints are noteworthy, citing Pemudah's (the task force empowered to facilitate business-government dealings) success in bringing the Government and private sector in dialogue.

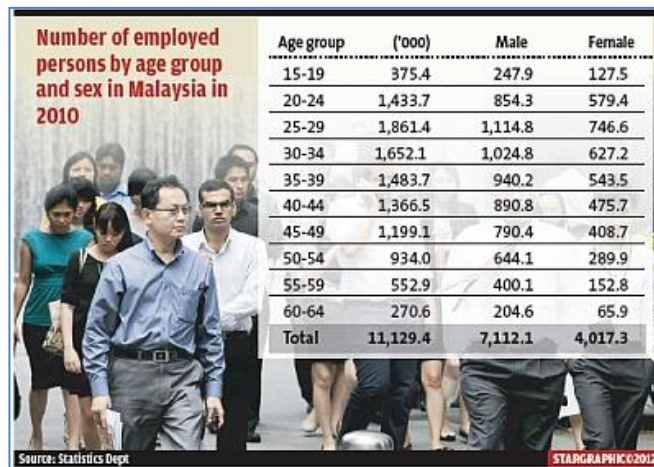
**Lee:** 'Firstly, because people work longer, raising the retirement age increases revenues coming into the social security system. Secondly, because people retire later, the payout to retirees falls.' He says the strong involvement on both sides together with the trust that has been built over several years, willingness to go deep into the issues and ability to work with the implementing agencies to develop practical solutions are reflected in Malaysia improving five places in the World Bank's 2011 "Doing Business" survey. But there certainly are some doubts in the private sector in regards to investing despite a number of high profile multi-billion ringgit projects that have been rolled out such as the central Klang Valley's My Rapid Transit and the Refinery and Petroleum Integrated Development or Rapid hub in Pengerang, Johor. The doubts may be the reason why in the first year of the ETP, the private sector's share of investment amounted to 35% with GLCs share at 40% and the Government's at 25% of the RM176bil of committed investments. This is in contrast to the original target of the ETP for investments, which was a ratio of 60% from the private sector, 32% from the GLCs and 8% from the Government. Some of these doubts, especially the uncertain political climate due to the impending general election, are beyond the Government's control but others are a symptom of the lack of political will in carrying on with the reform agenda. Ong says that there are questions over whether investors will be allowed to invest in all sectors of the economy.

"They will want to know whether GLCs will get preferential treatment," he says, adding that investors will also naturally want to diversify into other markets as part of risk-management and in the pursuit of higher returns. Ong says in the case of SMEs, many of them do not depend on government contracts as they concentrate on exports and being part of the supply chain of the private sector. He says a case in point is that not many private operators have gone into the 27 sub-sectors of the services sector even following its liberalisation in April 2009 as "there are lingering doubts about unfair practices". Nevertheless, despite the various issues raised, some form of rise in the retirement age for the private sector will eventually be adopted. It's only a matter of the timeline for implementation and the main provisions of the legislation.

**An ongoing exercise** - Malaysian Employers Federation executive director Shamsuddin Bardan says negotiations among the various stakeholders are still ongoing and that they are looking through the draft of the bill. "I believe the Government will go ahead and table the bill in parliament soon," he says, adding that while there were reservations over several issues, in general most employers supported the higher retirement age. "60 is just about the right age for retirement but there are many who have made plans to retire at 55, so a proviso for those who want to opt out should be included," Shamsuddin says. Shamsuddin says because the employment landscape has been shaped by labour laws of the 1960s and 1970s, employers needed time to implement the new law when it is passed. Besides having to pass the legislation on the higher retirement age, he notes that the EPF Act and the Employees Social Security Act 1969 will also need to be amended to reflect the changes in the retirement age. According to him, the main concern of the MEF members is that in the labour-intensive industries, health and other age-related factors may affect the productivity of workers.

"We're asking for escape clauses as we believe that the higher retirement age should not apply to all industries," Shamsuddin says, adding that companies' succession and promotion plans may have to be changed too as senior executives stay on. He says that comprehensive job retraining programmes should be implemented in those industries where workers' productivity may be affected by age-related factors. However, Deloitte's Lee says an older workforce can play a significant role in leadership mentoring. "Some things in life just can't be taught except through experience. "Since leader-readiness remains a top issue for most corporations, an older workforce with leadership capacity fills an important space in any organisation," he says. Lee adds that older employees can be contracted on time-bound arrangement to play advisory roles in operations and planning. "The recent Tan Sri Hassan Merican's contribution to Singapore Power being case-in-point," he says. Meanwhile, Robert Walters Malaysia country manager Sally Raj says in an email reply that in Singapore, there is some flexibility to the retirement age for both public and private sectors. She says that the Singaporean government recently announced that public sector employees such as the police, civil defence and the armed forces as well as cabin crew of commercial airlines continue to be exempted from the new Retirement and Re-employment Act. The retirement age was raised from 55 to 62 in Singapore, with further plans to raise it to 67. "Perhaps Malaysia could take a leaf from Singapore's steps in allowing some flexibility in the retirement age particularly for certain professionals within specific professions where experienced staff are severely lacking," Sally says.





## Malaysia needs flexible labour laws



RIGID labour laws are a major obstacle to setting a higher retirement age for the private sector because employers are reluctant to retain those they deem as unfit for any number of reasons, including disciplinary and health reasons. Malaysian Employers Federation executive director Shamsuddin Bardan says the high costs of letting workers go is a major employer concern. "They will want to know if labour laws will be amended to make firing people for disciplinary problems easier," he adds. **Melissa:** 'Senior employees aged 55 should be re-employed under the retirement bill as per their current

employment terms till they reach the age of 60.' **Efficiency** - Human resource experts cite issues of efficiency and productivity as reasons why employers are objecting to the higher retirement age. Kelly Services managing director for Singapore and Malaysia Melissa Norman says it is undeniable that the current rigidity in terminating staff in Malaysia is a critical factor that prevents most employers from agreeing to the proposed retirement bill. "The engagement of the more senior workforce should be based on the expertise and experience they bring to the table with clear expectations of the organisation," she says in an email reply. Melissa says this will ensure efficiency and productivity levels are maintained which is critical to the growth of an organisation. She adds that understanding and leveraging the differences between generational groups and their levels of experience is critical for organisations in order to get optimum performance outcomes. "Organisations will need to be prepared to integrate the culture within generational workforce and design a systematic knowledge transfer programme between their ageing workforce with the incoming and younger workforce to maximise productivity," she says. Melissa says employers want the bill to address all gaps and concerns well after in-depth study and consultation with stakeholders instead of having it amended following grouses raised by employees. She says the bill should include a tier-format approach where employment of senior employees is concerned.



"Senior employees aged 55 should be re-employed under the retirement bill as per their current employment terms till they reach the age of 60," Melissa says. She adds that from age 60 to 65, these pool of senior employees will be re-employed based on their capabilities and new terms of employment will be in place where they may be posted into a new role such as in training and mentoring programs for knowledge transfer to the younger generation. Shamsuddin says the high costs of letting workers go is a major employer concern. **Shift in mindset** - Robert Walters Malaysia country manager Sally Raj says there needs to be a shift in mindset before the policy can work its intended benefits. "The teething phase may see some reluctance on the part of employers, who may remain reluctant to hire a potential candidate who is 50, compared to one in the 30s or 40s," she says. Sally suggests that the Government can consider offering subsidies or medical benefits for hiring older employees as an incentive, which is the case in Singapore where the upcoming budget proposes offering subsidies to employers who hire older workers. She says if the new bill is passed for a later retirement age, Malaysia's labours laws will need to be redesigned to protect most employees as only employees earning below RM1,500 are fully protected by labour laws. "Older employees with the relevant skill sets and experience should stand equal opportunity to be hired; and should not be let go without valid reasons," Sally says. - **By Fintan Ng**



Saturday March 17, 2012

#### Prospects for retirees - By EUGENE MAHALINGAM [eugenicz@thestar.com.my](mailto:eugenicz@thestar.com.my)

WITH Malaysia in the final stages of drafting a new law to increase the retirement age in the private sector from 55 to 60, retirees can look forward to the opportunity of working longer and earning more money. Despite some mixed views on this, it is not difficult to see why there is a need to prolong the legal working age. In Singapore, the retirement age is set at 62, with countries such as Thailand, Brunei and Indonesia already observing 60 years as the official retirement age. In a survey of 3,485 job seekers aged between 18 and 41 conducted by online recruitment company JobStreet.com in October last year, it was revealed that some 84% agreed with the retirement age extension because they felt they needed to work till they are older to get higher retirement savings due to the increase in life expectancy.



**About 73% of retirees have less than RM50,000 in their savings while only 17% have over RM100,000.** "With the average life expectancy of Malaysians at 74 years old, the average retiree will need sufficient cash to sustain them for at least 20 years," an industry observer says. According to data by the Employees Provident Fund (EPF), about 73% of retirees have less than RM50,000 in their savings while only 17% have over RM100,000. A 2003 survey by the EPF also revealed that 14% of its members used up all of their savings from EPF three

years into retirement while another 70% used up their savings within 10 years. Furthermore, according to reports, up to 99.9% of the contributors withdrew their EPF savings in a lump sum once they reached the age of 55. Federation of Malaysian Consumers Associations president Datuk N. Marimuthu says with many Malaysians today marrying at a later age, it is necessary to increase the retirement age.



"Many people marry and have children late in their lives. When they retire, their children are still young and they still need money to finance their children," he says, adding that increasing the retirement age to 60 years is "practical". **Not too old to work?** - AS Malaysia moves towards being an ageing society by 2030, with 15% of the population aged 60 and above, Malaysian Employers Federation (MEF) executive director Shamsuddin Bardan says there will be a need to "properly manage and utilise the older employees". Malaysian Institute of Human Resource Management honorary general secretary J. Aresandiran says that with the local economy on a steady growth trajectory, the country cannot risk "too many people retiring". **Many of the planters were trained from the pre-World War 2 era. It's a hands-on job, set in a rural area and we don't get many people from the newer generation coming into this line.** —**ABDULLAH BUSU HANIFAH**. "There are many companies today that are having problems filling up their mid-management-level posts and are suffering. If they have the relevant skill, you should retain these people (retirees) or bring them back (if they have retired)," he says. But will extending the retirement age means more job opportunities for the elderly? "One needs to take into consideration the younger generation that is coming into the workforce, many of whom are able to take on jobs that are more physically demanding," says one industry observer. Abdullah Busu Hanifah, former chairman of the Incorporated Society of Planters, says it is a good idea to bring back skilled retirees. "This is especially for professionals. If they have the skills, why not (bring them back)?" Abdullah Busu notes that the plantation industry is facing a shortage of "competent people." "Many of the planters were trained from the pre-World War 2 era. It's a hands-on job, set in a rural area and we don't get many people from the newer generation coming into this line," he says.

Shamsuddin, however, believes that the issue of dealing with physically-demanding jobs can be "compensated". "The older employees can offer higher skills and a wealth of experience and these attributes will compensate for the expected lower physical strength. There is, therefore, a critical need for the country to set up the appropriate policy on the employment of older employees. "The younger employees may resent the move to increase the existing retirement age. However, it is critical that we review our existing retirement age and with proper implementation such move would not be to the disadvantage of the younger workers," he says. Shamsuddin, however, admits that older employees are more suitable to perform works that are not physically demanding. "With use of some simple machines, older employees may be able to perform works deemed to be heavy. MEF is of the view that retirees from sectors that require heavy manual work such as plantation and construction should be retrained so that they may be able to take up jobs in other sectors after their retirement." Aresandiran observes there are still many people in their 50s and 60s who still take on heavy jobs. However, he says physically demanding work should be given to younger and more able-bodied individuals. "It's up to the company. They don't necessarily have to give the tough jobs to the elderly people. These kind of skills can be passed on to the younger generation." Abdullah Busu concurs that retirees don't necessarily have to retain their old positions. "The retirees could be brought in to take on a consultancy or training position and pass on their knowledge to the younger employees," he says. On another note, Shamsuddin feels that increasing the retirement age will not increase the level of competitiveness of the local workforce, especially among the younger generation. "We are relying too heavily on foreign workers. Thus, it is important for Malaysia to relook its manpower utilisation so as to ensure that the available human resources are utilised in an optimal way. "Increasing the retirement age per say would not increase our competitiveness.





However, with appropriate skills and up skilling of our entire workforce, labour productivity will be increased, and thus, our competitiveness will be enhanced," he says. **Retirement age a non-issue?** - For many people who choose to continue working past retirement age, the age limit is not necessarily an issue. "If you're enterprising enough, you could work from home or even start your own business," says Janice Tam, a retired school teacher who now provides tuition classes for primary school kids. "I think it's a good move to increase the retirement age, given the high cost of living these days. But I feel it's better to become your own boss as it provides more flexibility. You can work at your own pace and avoid the hassle of travelling to the office and back."

**Many people marry and have children late in their lives. When they retire, their children are young and they still need money to finance their children. —DATUK N.MARIMUTHU.** Tam says many retirees today view retirement not as an end, but rather, a new and exciting phase in their lives. She also says that "being your own boss" offers better financial prospects. "If you work for an employer, your income would likely be fixed. If I worked for an organisation and taught their kindergarten children, for instance, my salary would remain the same, regardless of the size of the classroom. "But by giving tuition classes on my own, I earn more as my pupils increase. Of course, working for an employer is less risky," she says. G. Murthy, 58, says having a long working career can provide retirees with the confidence and knowledge to launch a business of their own. Having served with the armed forces for a number of years, he now heads his own security firm. "My time with the armed forces has given me the experience and confidence I need to set up my own business," he says. But a post-retirement job need not be inspired from a previous working experience. Sometimes, running a well-run family business is all you need to secure your financial position going into your "golden years." Rashid Abu Bakar, 69, used to help his mother sell *nasi lemak* when he was growing up. After retiring from government service, he is continuing the business with another family member. "It provides a decent side income in addition to the pension that I get every month," Rashid says, adding that he enjoys doing it after all these years. "I think the most important thing is to enjoy what you're doing," he says. Separately, part-time college tutor Rashid Ali says retirees should constantly upgrade their skills to remain "marketable." "It can be a huge sacrifice, but if it means boosting your income prospects, then why not," he says.



Monday March 19, 2012

**Old sewage treatment plants to be turned into playgrounds - Stories by BAVANI M**  
**bavanim@thestar.com.my Photos by ROHAIZAD DARUS**



THE Government plans to close old sewage treatment plants (STPs) in Kuala Lumpur and the Klang Valley and turn them into playgrounds. After the STPs were dismantled, sewage will be channelled to the new treatment plant being built in Lembah Pantai. The Pantai 2 Sewage Treatment Plant (P2STP) will treat sewage generated from Bangsar, Bukit Kiara, Seputeh, Kerinchi and Old Klang Road. Residents living near STPs will no longer have to bear with the stench and the move will also

increase the value of their property. **Far-reaching benefits:** The project will also help keep the Klang River clean.



Sewage Service Department director Mohd Omar Mohd Haris said residents with houses facing STPs could use the empty space to play football, basketball and badminton or even carry out community activities. "Converting sewage treatment plants into community parks and playgrounds may be a new thing in Malaysia, but is practised in Europe, particularly in France where there are strict laws governing waste treatment. "Decommissioning old STPs and transforming them into green areas is still new in Asean countries," he said. The project was one of the nine entry-point projects (EPP) under the Economic Transformation Programme (ETP) to be implemented to achieve the Greater Kuala Lumpur National Key Economic Area. Mohd Omar said the primary aim of the project was to complement programmes to rehabilitate and clean the 10km stretch of Sungai Klang known as the River of Life, "The first phase of the project will be carried out in the Seputeh constituency in Kuala Lumpur. "We have identified 25 STPs in the area to be dismantled and turned into parks or playgrounds," he said.



He added that other areas identified were Setiawangsa, Segambut, Titiwangsa as well as some parts of Selangor. Mohd Omar said the project contractor Kiara Kilat Sdn Bhd was expected to start the Seputeh project next month and complete in July next year. **For recreation:** The sewage treatment plant in Kuala Lumpur has been dismantled and layered with earth and turned into a football field for the community. He said apart from creating 25 green areas for the community, the RM28mil project would improve the water quality of the Klang River

from category 3 to category 1. "It is no secret that STPs in the city discharge water into our rivers and is a contributing factor to river pollution. "And no doubt the Klang River is one of the dirtiest in the Klang Valley," he said. Kiara Kilat project operations manager Kee Soon Ngeit said for the next one-and-half years they would be laying 263m of new pipes and constructing more than 200 manholes in Old Klang Road, He added that everything would be done employing green technology and to minimise public discomfort. "These STPs are built by housing developers and managed by IWK. However, many of the STPs are old and are in need of an upgrade. "So it is time to do away with them," Kee said. The project under the 10th Malaysia Plan involves the

#### The 25 Sewage Treatment Plants to be turned into green areas.

1. Persiaran Desa
2. Bukit Seputeh
3. Angsana
4. Flat Sri Rempah
5. Indrahana
6. Pagar Ruyong
7. Taman Gembira
8. Taman Yarl
9. Taman United
10. Taman United
11. Taman United (Block B & C)
12. Taman Gembira
13. Taman Gembira
14. Bukit Indah
15. Taman Gembira
16. Taman United (Block S)
17. Taman United
18. Taman United (Block H)
19. Taman United (Block I)
20. Taman United (Block F & G)
21. Industry Bedford
22. Kg. Pasir Lama Flat
23. Oversea Union Garden
24. Oversea Union Garden Square
25. Projek Jaya

upgrading of existing sewage treatment plants by using an advanced system. The new system reduces the space required for the new treatment plant by half compared with a conventional one using extended aeration. Desludging work at the new plant in Lembah Pantai has started ahead of the groundwork for the underground STP which will be completed by 2016. The plant will have a public park built on top for sports and recreational activities, including a multi-purpose hall, futsal and tennis courts and a jogging track. Seputeh MP Teresa Kok said the projects in Seputeh would benefit the residents as the additional green areas mean that their quality of life would be better.

**Cracked windscreen on ex-NFC consultant's seized car at MACC lot**

PUTRAJAYA: Former National Feedlot Corporation (NFC) consultant Datuk Shamsubahrin Ismail's Mitsubishi ASX car, which was parked in an open parking lot at the Malaysian Anti-Corruption Commission (MACC) headquarters here, was found with cracked rear windscreen. Shamsubahrin was at MACC to give his statement over the NFC scandal. Shamsubahrin's driver taking pictures of the car with the smashed windscreen in Putrajaya. MOHD SAHAR MISNI/The Star. He said he was shocked when informed by

his driver that one of his three cars seized by the MACC last December had a crack on the rear windscreen. The other two cars, Mitsubishi Triton and Grandis, were found in good condition. MACC Investigations director Datuk Mustafar Ali gave assurance that MACC would repair the damaged windscreen. He said the MACC had discovered the crack earlier and a report on the incident had been lodged at Putrajaya police headquarters on Jan 16. "The seized car was parked at an open parking area. The windscreen was cracked when it was hit by a pebble or stone that was launched by a weed trimmer. "There's no foul play in the incident. We will repair the windscreen as the car was under our care when the incident occurred," he told reporters here. BERNAMA

**MACC wants two lawyers in NFC cheating case to be witnesses - BY JOSEPH SIPALAN**

PUTRAJAYA: The Malaysian Anti-Corruption Commission's (MACC) probe into the National Feedlot Centre (NFC) issue took a bizarre turn when two lawyers of a key witness were asked to turn witness for MACC. Latheefa Koya and Murnie Hidayah Anuar - representing former NFC consultant Datuk Shamsubahrin Ismail - were each issued notices asking them to give statements as witnesses in MACC's probe. Last December, Shamsubahrin claimed trial in the Sessions Court to two counts of cheating NFC Chairman Datuk Seri Mohamad Salleh Ismail. The notice said that both lawyers are required to give their statements under Section 16(b)(B) of the MACC Act 2009, the same provision used to take Shamsubahrin's statement. Both lawyers were at the MACC office Monday to assist Shamsubahrin in giving his statement. Latheefa told reporters that it was the first time to their knowledge that such a notice was issued to lawyers representing clients in a case. "We will lodge a complaint with the Bar," she said.

**NFCorp rep refuses to answer PAC questions (Updated) - By REGINA LEE**

KUALA LUMPUR: The Public Accounts Committee (PAC) hearing into the National Feedlot Corporation (NFCorp) controversy was cut short when the company's top executives did not turn up Tuesday. Instead, NFCorp sent a human resource manager together with two lawyers, who said they would not be taking any questions on the matter. When met, PAC chairman Datuk Seri Azmi Khalid said the committee would also consult the Speaker of the House, who ruled last week that Parliament would not discuss the matter, if his ruling affected the PAC as well. "We also have to discuss among ourselves first if we are going to call NFCorp again. "But at the moment, we're not keen to question a junior executive," he told reporters in Parliament. He added that the PAC had tried to assure the NFCorp representatives that they would not be discussing the court charges, but to no avail.

**MACC orders counsels to give statements in NFC probe**

PUTRAJAYA: The Malaysian Anti-Corruption Commission's (MACC) probe into the National Feedlot Centre (NFC) controversy took a twist when two lawyers of a key witness were summoned to become MACC witnesses. Latheefa Koya and Murnie Hida-yah Anuar representing former NFC consultant Datuk Shamsubahrin Ismail were issued a notice requesting them to give statements as witnesses in the MACC's probe. The notice said that both lawyers were required to give their statements under Section 16(b)(B) of the MACC Act 2009, the same provision used to take Shamsubahrin's statement yesterday. Both lawyers were part of a team of four lawyers accompanying Shamsubahrin when MACC recorded his statement as a witness in its probe into possible corruption in the NFC. However, only Latheefa and Murnie took turns sitting in with Shamsubahrin during the five hours he was questioned by MACC officers only one lawyer was allowed to be present at any time. Latheefa claimed that prior to the notice, they were approached by MACC officers who told them that they would be summoned to give statements as witnesses as they had sat in with Shamsubahrin while he gave his statement. "We didn't say anything. We just sat with him and we did not interfere with the investigation. "This is the first time we have been served with such a notice ... we will definitely go to the Bar (Council) to lodge a complaint," she said. The notices, which were served on both Latheefa and Murnie not long after Shamsubahrin finished giving his statement, required that both lawyers be present at the MACC headquarters on Friday at 11am. Last December, Shamsubahrin claimed trial in the Sessions Court to two counts of cheating NFCorp executive chairman Datuk Seri Mohamad Salleh Ismail. He later lodged a police report in January alleging that Mohamad Salleh had pressured him to bribe the police to cover up the company's scandal. He then handed over a mobile phone alleged to contain text messages between him and Mohamad Salleh and transcripts of the messages to the MACC earlier this month as evidence to back his claims.

**PAC: NFCorp hearing a lesson in financial prudence**

KUALA LUMPUR: The Public Accounts Committee (PAC) said the hearing into the National Feedlot Corporation (NFCorp) will serve as a lesson to the Government on financial management. PAC chairman Datuk Seri Azmi Khalid said the hearing would focus on the loan disbursement on the part of the government agencies. "Today, we spoke to the Agriculture and Agro-based Industries Ministry and the Finance Ministry, mainly on how the project started, why things have not proceeded in the way they were supposed to, and why they did what they shouldn't be doing and vice versa," he said in Parliament lobby yesterday. He said the PAC would not touch on the charges faced by NFCorp executive chairman Datuk Seri Dr Mohamad Salleh Ismail. Salleh was charged last week with two counts of committing breach of trust and two counts of violating the Companies Act 1965 involving RM49.7mil. Azmi revealed that NFCorp had defaulted on its scheduled loan repayments by three months. In the RM181mil loan that was disbursed by the Government to the NFCorp's operations account, the first scheduled repayment deadline was in January. However, the accounts and assets of the NFCorp were frozen in December last year to facilitate investigations into the matter.

Meanwhile, NFCorp said it wrote to the Government in 2009 asking to defer repayment of its soft loan pending completion of an export quality abattoir to service the National Feedlot Centre (NFC). It said the abattoir was to have been completed and rented out to them in 2008 to meet their production targets as per the implementation agreement between NFCorp and the Government, but the facility has yet to be completed until today. This deal also included the construction of a 7.5km concrete road leading to the NFC and the provision of a water system comprising pools, piping and tube wells, the company said in a statement. It said that the lack of the necessary infrastructure had "severely disrupted" its beef production and projected business turnover

**PAC to go ahead with NFCorp hearing - By YUEN MEIKENG****Committee won't touch on matters involving court case, says chairman**

KUALA LUMPUR: The Public Accounts Committee (PAC) will continue probing the National Feedlot Corporation (NFCorp) scandal but will not touch on matters involving the case in court. PAC chairman Datuk Seri Azmi Khalid said this following Dewan Rakyat Speaker Tan Sri Pandikar Amin Mulia's ruling Wednesday that the committee could not touch on issues concerning the court case. "We will probe on how Government funds are used, how they were approved and problems that arose from the scandal," he told reporters after chairing the PAC meeting at the Parliament building here. Azmi said the PAC had also requested for documents, including loan agreements, from the Finance Ministry, and Agriculture and Agro-based Industry Ministry to be submitted by this week.



### Why Government wants MRT project done fast - At the Dewan Rakyat

THE Government wants the MY Rapid Transit (MRT) project implemented quickly and that is why it went ahead with it before the Greater Kuala Lumpur Public Transport Masterplan could be finalised. Deputy Minister in the Prime Minister's Department Datuk Ahmad Maslan told the House that the gestation period for the project was long. "Since it would take a long time to finish the whole project, we have given priority to acquiring land first. "The high-impact project is expected to carry some 600,000 people daily and improve the public transport system," he told Nurul Izzah Anwar (PKR-Lembah Pantai) during question time. On the master plan, Ahmad Maslan said the public could access it and give feedback at [www.spad.gov.my](http://www.spad.gov.my). Meanwhile, the House heard that there were no plans to impose an age limit for vehicles. Deputy Transport Minister Datuk Abdul Rahim Bakri said allegations that the ministry did not consult the lower income group when it was studying to introduce a policy to scrap old cars were untrue. "Our automotive policy had clearly stated that we are looking to introduce the scrap policy similar to the one practised in many developed countries in the future," he said.

### Nod for PSC on Lynas - At the Dewan Rakyat

AFTER a heated debate, the Dewan Rakyat approved the formation of a parliamentary select committee (PSC) to look into controversies surrounding the Lynas rare earth plant in Pahang. The Opposition, however, demanded that the Government halt the project until the committee submitted its findings. The House endorsed the motion tabled by Minister in the Prime Minister's Department Datuk Seri Nazri Aziz and the Opposition promptly staged a walkout. In the lobby, they said that they would not take part in the PSC. Fuziah Salleh (PKR-Kuantan) said Pakatan deemed the PSC to be powerless in stopping the plant in Pahang from carrying out its operations. "We do not have any hope in the PSC. It is merely whitewash," she said. In the chamber, Nazri said the Cabinet had agreed to set up the committee to evaluate scientific and technical facts to be presented by experts, as well as to look at its health and safety standards. He said it would have three months to present a report to the House. "The fact that we proposed that a PSC be set up shows the government also wants to hear explanations from experts. With the setting up of the committee, interested parties, including the Opposition, can air their views and concerns to the committee rather than in Parliament where there are no experts to answer their queries," he said.

The Cabinet last Friday had agreed to set up the parliamentary select committee (PSC). The nine-member committee comprising four representatives from the Barisan Nasional, three from the Opposition and one independent member, will be chaired by Higher Education Minister Datuk Seri Khaled Nordin. Prime Minister Datuk Seri Najib Tun Razak had said the committee would engage with the public to boost their confidence in the project and to look at any possible threat to the safety and health of the people. During the debate, Khalid Samad (PAS-Shah Alam) said the committee was an attempt to "whitewash" the controversial project even though "we highlighted problem after problem involving Lynas" and questioned the need for engagement when a temporary operating licence was already issued to the company.

Khairy Jamaluddin (BN-Rembau) criticised the Opposition for threatening to boycott the PSC and not wanting to engage, adding that they were prejudicial and refused to listen to expert views. "The government has proven that it practises transparency. The committee will provide answers to all concerns of the rakyat," he said. Khairy supported a suggestion by Datuk Shahrir Samad (BN-Johor Baru) that the committee meetings be aired live on television so the people could follow its proceedings.



Wednesday March 21, 2012

#### **No officials held responsible for mismanaging funds - At the Dewan Rakyat**

NO minister, deputy minister or official has been held responsible for mismanagement of funds and not meeting the ministries target as highlighted in the Auditor-General's Report 2010, said Prime Minister Datuk Seri Najib Tun Razak. He said following the report, the Public Service Department (PSD) director-general issued a letter to all secretaries-general of ministries, heads of department and state secretaries dated Nov 22 last year, to take appropriate steps on all issues brought up. "That includes taking action against officers who are involved," he said in a written reply to Fong Po Kuan (DAP-Batu Gajah). On another matter, Najib, who is also Finance Minister, said RM19.5mil was allocated to repair roads in Kuala Lumpur last year. This is a decline from the RM30mil allocated in 2010, he said in a written reply to Teresa Kok (DAP-Seputeh).



Wednesday March 21, 2012

#### **Dragged through mud over sand issue - Selangor State Assembly**

SHAH ALAM: A director of Kumpulan Semesta Sdn Bhd (KSSB) has invited several Barisan Nasional assemblymen to join the state-owned sand mining company as they often question the operations of the firm. Shuhaimi Shafiei (PKR-Sri Muda), also a KSSB director, made the offer to the Barisan assemblymen from Kuang, Batang Kali, Seri Serdang and Jeram when debating the motion of thanks on the royal address at the Selangor state assembly yesterday. Shuhaimi, the first to debate the motion, found himself constantly sparring with Datuk Satim Diman (BN-Seri Serdang) and Mohd Isa Kassim (BN-Batang Kali) as he spoke about KSSB's financial records in Selangor. The debate heated up when Mohd Isa pointed out that many parts of Selangor had been turned into mines. Shuhaimi retorted by saying many of the mines were already there during Barisan's administration of the state. "In Batang Kali, there are many mines," said Shuhaimi.

This agitated Mohd Isa, who asked Shuhaimi if he had visited the area himself. "Did you see these mines yourself? Do not simply say things," said Mohd Isa, as he repeatedly pressed Shuhaimi for an answer while the latter tried to carry on with his address. The shouting match went on for a couple of minutes, prompting Deputy Speaker Haniza Talha to intervene and ask Mohd Isa to sit down. Mohd Isa then called Haniza "one-sided" to which she demanded a retraction. Satim then asked about the Mentri Besar's annual target of RM150mil from sand royalties, and continued to harass Shuhaimi for a reply until Haniza told him to stop. Shuhaimi said that since KSSB started operations in September 2008, the company had made RM181mil profit before tax up till last year. "KSSB has to get approval from the Land Office (to mine) and is monitored by seven or eight agencies," he said.

Abdul Shukur Idrus (BN-Kuang) got into the mix by saying the Pakatan Rakyat state government only knew how to mine sand as well as sell the land and assets of state subsidiaries. Shuhaimi then said: "The one that sold land is Seri Serdang." Ng Suee Lim (DAP-Sekinchan) asked Shuhaimi if he could provide more details to back up his allegation. Mohd Isa jumped in, and pressed him to either respond to Ng's query or retract his slanderous statement. When Shuhaimi tried to sidestep the issue, an infuriated Mohd Isa turned to Haniza and asked her to instruct Shuhaimi to make a retraction. "It is as if he has a share in Seri Serdang," remarked Shuhaimi, which led to Mohd Isa screaming at him and Haniza. "Look at that, Puan Speaker. Ask him to retract. Be fair!" said Mohd Isa. Haniza claimed she did not hear Shuhaimi's remark as the House had been very noisy, and that did not sit well with Mohd Isa. "The whole Dewan heard him, but the Speaker did not," he bellowed. Haniza then laid the law on everyone, warning them to behave in accordance with Standing Order 44(1) which states that the Chair has the power to direct anyone to discontinue their speech.



Thursday March 22, 2012

### **PAC probe to go on - At the Dewan Rakyat**

**Reports by MAZWIN NIK ANIS, YUEN MEIKENG, RAHIMY RAHIM and TASHNY SUKUMARAN**

THE Public Accounts Committee (PAC) will continue probing the National Feedlot Corporation (NFCorp) controversy but will not touch on matters involving the case in court. PAC chairman Datuk Seri Azmi Khalid said this following a ruling by Dewan Rakyat Speaker Tan Sri Pandikar Amin Mulia that PAC could not touch on issues concerning the court case. "We will investigate how government funds are used, how it was approved and problems that arose from the scandal," he told reporters after chairing the PAC meeting at Parliament House. Azmi said PAC had requested for documents pertaining to loan agreement from the Finance Ministry, while it sought the implementation and land agreements from the Agriculture and Agro-based Industry Ministry. On the NFCorp representatives refusing to answer questions by PAC, Azmi said PAC respected their right not to answer questions which might be prejudicial. On whether PAC will question top officials from NFCorp, Azmi said this would be decided after the documents were studied. He said that even though PAC did not have any specific executive power, the integrity of the committee must be preserved. On Tuesday, NFCorp top executives failed to turn up at the PAC hearing, cutting short the meeting.

NFCorp sent only its group administration manager and two lawyers, who said they would not be taking questions. Meanwhile, Pandikar Amin ruled that the formation of a Parliamentary Select Committee (PSC) to examine the Lynas rare earth plant is not *sub judice* in nature. "Based on my interpretation, the formation of the PSC is allowed. However, it must not discuss issues that are *sub judice* until the matter has been decided by the court," he said in response to Datuk Kamarudin Jaffar (PAS-Tumpat), who wanted to know if PSC was *sub judice* as there was a court case against Lynas. Pandikar Amin said he had received a notice from the Government and the Independent MPs naming their representatives to PSC. "At the moment, there are only five names, and MPs from PKR and DAP have not submitted any name. I believe this is their political stand and it is not because the committee is *sub judice*," the Speaker said. Meanwhile, MCA Youth chief Datuk Dr Wee Ka Siong slammed Pakatan Rakyat for walking out of the Dewan Rakyat on Tuesday after the House endorsed the formation of the PSC on Lynas.

"I am saddened that my fellow Parliamentarians have once again resorted to their typical walkouts despite the debates that were still ongoing in the Dewan," said Dr Wee. "The only difference is that this was done after a vote was taken," he added. Dr Wee, who is also Deputy Education Minister, said that instead of reflecting the views of the people who made them lawmakers, Pakatan repaid their constituents' trust by staging walkouts.



Monday March 26, 2012

**Millions spent to clean up rubbish which cause clogging - By FARIK ZOLKEPLI**  
farik@thestar.com.my



KUALA LUMPUR: Millions of ringgit go down the drain every year to clean up the waterways that are choked with rubbish. People throw everything into the drain, right down to literally the kitchen sink. This habit, which results in clogged drains unable to function when it rains, sees water being released into surrounding land. Clogged drains have been identified as one of the major factors causing frequent flash floods in urban areas. A load of rubbish: Local community members clearing the rubbish from the

Sungei Way river in Petaling Jaya. Government agencies and local councils face yearly battles to clean up the drains. Government sources said more than RM40mil was spent annually to clean up monsoon drains nationwide. While tissue paper and cigarette butts were commonly found in drains, people sometimes even throw mattresses into large monsoon drains, said Drainage and Irrigation Department senior director Datuk Zainor Rahim Ibrahim. The department manages large monsoon drains while local councils take care of the smaller drains within their jurisdiction. Zainor Rahim told *The Star* that the cost of cleaning rubbish and maintaining the drains could easily come up to millions of ringgit in taxpayers' money, and that such amounts could have been better spent on other projects benefiting society. "A simple act of throwing rubbish in a designated area as well as recycling can make a huge difference in preventing clogged drains and, eventually, floods," Zainor Rahim said.

He conceded that with more development in areas such as Klang Valley, many drains built during the colonial era were no longer large enough to meet the demands of dense new housing areas. "The department has taken steps to widen the drains in stages but clogged drains are making it more difficult," he said. The Sultan of Selangor, in an interview in December, had called for a comprehensive action plan to tackle floods in the state and in the Klang Valley, saying piecemeal actions were no longer effective as rain patterns became more unpredictable. Sultan Sharafuddin Idris Shah added that the public must also play their part by not throwing rubbish into drains. Terengganu Drainage and Irrigation Department director Mat Hussin Ghani said more than RM2mil was spent on cleaning drains in six districts. "We discovered strange items during our maintenance such as furniture, pillows and even a kitchen sink ... we can expect almost anything down there," he said. Mat Hussin added that the amount of rubbish seemed to increase each year, as people were insensitive to the fact that rubbish disrupts smooth water flow, contributing to flash floods. Petaling Jaya City Council public relations officer Zainon Zakaria said about RM1mil was spent in cleaning up drains as well as repairing broken ones last year. She added that the city council had to deal with commercial waste, such as cooking oil, which was dumped into the drains. "People must change their habits. If not, no matter how much cleaning up we do, the problem will continue," she said.



**Government to invest over RM800mil in flood mitigation projects**

KUALA LUMPUR: The Malaysian Government, via the Department of Irrigation and Drainage, will be spending RM880mil in flood mitigation projects throughout the country. Natural Resources and Environment deputy minister Tan Sri Joseph Kurup said a total of 32 projects are currently under construction, which are expected to be completed by the end of the year. He said flood hazard maps for six major river basins had been completed, which include the rivers Muar, Kulai, Kinta, Selangor, Muda and Kedah.

**Tenders to be called to take over NFC: Noh Omar**

KUALA LUMPUR: The government will invite tenders to take over the beef cattle rearing project from National Feedlot Corporation (NFC). Agriculture and Agro-based Industry Minister Datuk Seri Noh Omar said the government was serious in ensuring that the project could go on as proposed previously. He said the proposal to invite other companies to carry on the project had been announced by Prime Minister Datuk Seri Najib Tun Razak previously and his deputy, Tan Sri Muhyiddin Yassin had been asked to ensure that the project was continued. "We have appointed an independent auditor because we are serious (to see that the project continues). "We are also in the second stage of the process, that is to invite tenders for the project to be continued by any company that is interested," he said when winding up the motion of thanks on the Royal address for the Ministry of Agriculture and Agro-based Industry at the Dewan Rakyat. The issue on the NFC, which was headed by Datuk Seri Dr Mohamed Salleh Ismail, cropped up when it was alleged to have misused the government allocation of RM250 million for the beef cattle rearing project. On March 12, Dr Mohamed Salleh, the husband of Women, Family and Community Development Minister Datuk Seri Shahrizat Abdul Jalil, pleaded not guilty at the Sessions Court here to two counts of criminal breach of trust involving RM49.7 million with regard to the purchase of two condominium units and two other charges under the Companies Act. BERNAMA.

**Sand miners and KSSB sign pact -By TEH ENG HOCK [enghock@thestar.com.my](mailto:enghock@thestar.com.my)**

SHAH ALAM: Sand-mining contractors in Selangor have signed an integrity pact with state-owned Kumpulan Semesta Sdn Bhd (KSSB) to weed out corruption in the industry. Similar pacts would be introduced in other state subsidiaries and their contractors, with the pact being a prerequisite for them to take part in the tender process, said Menteri Besar Tan Sri Khalid Ibrahim. Some 35 sand contractors signed the pact yesterday and the remaining eight are set to do so within the week. When asked about the possibility of some contractors refusing to sign the pact, KSSB chief executive officer Wan Abdul Halim Wan Ismail said nothing could be done to the current contract, but the company's application for renewal would be reviewed. Khalid said the pact would be introduced to other state government-linked companies and subsidiaries of Menteri Besar Incorporated.

"Those who do not sign it will not be part of the tender process," he said. The signing ceremony was witnessed by Khalid, Wan Abdul Halim, Transparency International Malaysia president Datuk Paul Low and Selangor Malaysian Anti-Corruption Commission (MACC) director Datuk Jaafar Mahad. Low said Transparency International was approached about a year ago to work on the pact and had been formulating it behind the scenes. "Basically, it is an agreement between KSSB and the mine operators to say that they will abide by the regulations and laws. "They will not give bribes to KSSB employees, give accurate data, comply with their licence parameters and if there is corruption, they will report it. "They will also take part in anti-corruption programmes organised by KSSB, Transparency International or MACC," he said. Failure to abide by the pact could result in various penalties, including having their licences revoked.



Tuesday March 27, 2012

**Govt spending RM880mil on flood mitigation projects - By EUGENE MAHALINGAM**  
eugenicz@thestar.com.my



**Department says 32 flood mitigation projects under way.**  
KUALA LUMPUR: The Government, via the Irrigation and Drainage Department, will be spending RM880mil on flood mitigation projects throughout the country. Natural Resources and Environment Deputy Minister Tan Sri Joseph Kurup said that a total 32 projects were under way and were expected to be completed by the end of the year. He said flood hazard maps for six major river basins Muar, Kulai, Kinta, Selangor, Muda and

Kedah had been completed. "A flood hazard map is (also) being prepared for the Pahang river," Kurup said in his speech at the launch of the Asia Water Resource (Aware) 2012 expo and forum yesterday. **Kurup:** 'Water-related disasters account for about 90% of all disasters triggered by natural hazards. The growing social and economic impact of disasters is immense, with hundreds of thousands of lives lost and millions of people affected.' The three-day event, which ends tomorrow, aims to address water-related disasters that have been affecting countries across the globe and will explore ways of tackling and managing them. "Water-related disasters account for about 90% of all disasters triggered by natural hazards. The growing social and economic impact of disasters is immense, with hundreds of thousands of lives lost and millions of people affected," Kurup said. He said although there were many players engaged in the field of water, the attention given to water-related disaster risk reduction was still weak, often due to a lack of awareness, fragmented institutional systems without effective coordination and cooperation mechanisms, and lack of funding. "It is clear that there is a need for further development of international networks and guidance on the problem of water risks, involving players from the water, disaster risk-reduction, climate change and sustainable development sectors, to review and make recommendations on principles and steps needed to tackle water-related disaster risks," Kurup said. He said water-related disaster risks and their reduction should be a core element of integrated water resources management policies and programmes. "They need to be designed in such a way that they are consistent with integrated long-term development objectives and implementation plans. "Therefore, managing water-related risks is partly a matter of governance. "However, the sectoral top-down approach to water in the past has led to fragmented structures and uncoordinated development and management of water, which in turn can increase the risks of water-related disasters," he said. Aware 2012 is co-organised by UBM (M) Sdn Bhd and supported by the Irrigation and Drainage Department.

**Govt to invite new operator to take over project, says Noh - At the Dewan Rakyat****Reports by MARTIN CARVALHO, YUEN MEIKENG, RAHIMY RAHIM and TASHNY SUKUMARAN**

THE Government will invite tenders from companies interested in taking over National Feedlot Corporation (NFC), the beef cattle rearing project, said Agriculture and Agro-based Industries Minister Datuk Seri Noh Omar. He said the Government was serious to ensure that the project could go on as proposed. He added that the proposal to invite other companies to carry on the project had been announced by the Prime Minister previously and his deputy Tan Sri Muhyiddin Yassin had been asked to ensure that the project was continued. "We have appointed an independent auditor because we are serious (to see that the project continues). We are also in the second stage of the process, that is to invite tenders for the project to be continued by any company that is interested," he said when replying to points raised during the Royal Address debate on his ministry. The issue on the NFC, which was headed by Datuk Seri Dr Mohamed Salleh Ismail, cropped up when it was alleged to have misused the government allocation of RM250mil for the beef cattle rearing project. On March 12, Dr Mohamed Salleh, the husband of Women, Family and Community Development Minister Datuk Seri Shahrizat Abdul Jalil, pleaded not guilty at the Sessions Court here to two counts of criminal breach of trust involving RM49.7mil with regard to the purchase of two condominium units and two other charges under the Companies Act.

**Military purchases according to procedure, says Latiff**

KUALA LUMPUR: All procurement of military hardware are carried out according to treasury procedures and instructions, Deputy Defence Minister Datuk Dr Abdul Latiff Ahmad told Parliament. Replying to a question from Nasharudin Mat Isa (Pas-Bachok), he said in the procurement of certain assets that involved secrecy, a project team would evaluate each of the assets according to the technology specified. "The technological requirement must be met according to the needs of the users in accordance with the country's financial position. Thus, the question of non-compliance with the treasury instruction or procedures does not arise," he said. Meanwhile, he said the ministry's efforts to improve the country's defence system was guided by the Malaysian Armed Forces (MAF) development plan or 4th Dimension Malaysian Armed Forces Plan (4D MAF) which is the base for the long-term period, from 2009 to 2020, and the subsequent years. He added that the development strategy was in line with the defence strategy as stated in the National Defence Policy and National Military Strategy. BERNAMA

**Task force to plug water leakage - By Yap Leng Kuen [lengkuen@thestar.com.my](mailto:lengkuen@thestar.com.my)**

PETALING JAYA: In its efforts to tackle the problem of water loss, the Government has set up a task force that targets to reduce non-revenue water (NRW) from 36% of total amount of water produced currently to 25% by 2020. "The recently formed task force will monitor the status and progress of NRW management efforts under a management action plan," an industry player told *StarBizWeek*, adding that strategies and best practices of NRW management internationally were also being studied. NRW is the difference between the amount of water put into the distribution system and the amount of water billed to consumers. By 2010, NRW in the country, including Sabah, Sarawak and Labuan, had climbed to 35.19% out of 5.13 million cubic metres of water produced. The task force, which was set up by the National Water Services Commission or SPAN, comprises the CEO of SPAN, Energy, Green Technology and Water Ministry officials, National Audit Department, national water asset management company PAAB, two non-governmental organisations and water operators. With its secretariat at SPAN, the task force aims to start operations soon and review the results of its work every once in three months.

With demand for water projected to increase 3.5% every year, the amount of water produced is not enough to cater to this growing demand. Plans for two phases of mitigation projects to ensure uninterrupted supply of water have been announced but the area of NRW will now also receive a much greater emphasis with the formation of the task force as it would complement all other efforts in facing any potential water crisis in the country. "The formation of the taskforce is a crucial step to address the problem of NRW which can spiral out of control if not addressed holistically," said an analyst. Consultants and local contractors also provide input to the task force. Malaysia has old asbestos cement (AC) water pipes dating back 20 to 40 years; this comprises 41,874 kilometres mainly made up of AC pipes representing 32% of pipes in the country. Analyses over the past few years indicate that the weaknesses in NRW can be due to, among others, the lack of a holistic NRW control plan, insufficient number of competent personnel, unsystematic implementation of water supply system as well as negative attitude and perception of certain parties. To ensure that the national NRW average rate of 25% can be achieved by 2020, several policies have been set up, including, among others, the management of NRW in a holistic manner, the provision of NRW investments and returns, the development of an organisational framework to support NRW management efforts and putting in place an effective monitoring mechanism for NRW reduction efforts.



**Your 10 questions for Datuk Ibrahim Taib**

**EPF deputy CEO (operations) answers**

**The 6% dividend announced is great but why is it so little? Others like the Armed Forces fund give more. A fixed deposit with a bank will already get us 3.7%, and that means the entire EPF finance team only managed to get 2.3% above the FD rate. Can EPF do better than this please?** *Vincent R Nimbalker, PJ*



We would like to stress that despite its commercial approach to investment opportunities, as a retirement fund, the EPF has to ensure a balance to safeguard the interests of its members for their social security needs during old age. We often get compared to other funds, particularly on the dividend rates, but these funds have different asset allocations and objectives from the EPF. These funds usually have 70% to 90% of assets in equities, but for the EPF, the bulk of its assets remain in fixed income instruments for its low-risk and steady albeit low stream of income. While it was through the outstanding performance of the EPF's investment in equities that boosted the fund's income in 2011, it is not viable to significantly increase the allocation for equities given our prudent approach to investment. Even as it looks for investment options that can generate higher returns, the EPF needs to achieve the right balance in its investment decisions. Other funds are also much smaller in size compared to the EPF which stands at RM470bil today. Smaller funds are easier to manage and more maneuverable in terms of reshuffling asset allocation and selling off shares.

**The public have negative thoughts about the EPF, in that it does not bring high returns to the contributors. How are you going to change their thinking?** *Dran, Skudai*

The negative thoughts may be due to lack of awareness on the part of the public. As such, we are stepping up our efforts to educate members and the public on the objective of the EPF and its investment policy through, among others, media interviews, press statements and articles as well as continuous engagements with our stakeholders.

**How can whatever we do be more efficient, progressive and fulfilling, and how can Malaysians help EPF to serve the former better?** *Bernard Gideon Lim, Penang*

The EPF, in keeping pace with the rising growth in membership number, has continued to leverage on technological innovation to drive operational efficiencies and elevate customer service levels. In this respect, we have a robust and secure IT infrastructure in place to support our operations which also enables continuous improvements. We had also put in place several measures to include myEPF website, EPF i-Akaun facilities for members and employers, kiosks, and an EPF Facebook fan page. Apart from the IT platform, the EPF is always protecting and advocating the rights of members by ensuring that employers fulfil their statutory obligation to remit EPF contributions promptly for their employees' retirement wellbeing. We also emphasise on the importance of service delivery excellence such as efficient counter service and speedy processing of withdrawal applications.

**If the Government chooses to extend the retirement age from 55 years, will those who are going to be 55 years old in 2012 be therefore prevented from withdrawing 100% of the EPF monies? If so, what can the EPF do to assist those who have already planned to use their EPF monies to settle loans and other financial obligations? *A reader, PJ***

Any changes to the Age 55 Withdrawal cannot be finalised until the decision to extend the retirement age for the private sector from 55 to 60 is announced by the Government. Since the purpose of Age 55 Withdrawal is to finance one's retirement, it is only reasonable for the EPF to harmonise EPF withdrawals including Age 55 Withdrawal with the minimum retirement age as determined by the Government. We will make the necessary announcement to our members and the public once a decision has been made.

**There are people who say the 6% dividend has nothing to do with good performance. It's one of the election goodies and the EPF has to dig into its reserves to pay the dividend. Please clarify. *Bulbir Singh, Seremban***

We would like to categorically deny that the 6% dividend declared for 2011 was an election ploy. With the exception of 2008, the EPF has been paying strong dividends for the past 10 years. The 6% dividend, which is the highest in a decade, is in line with the steady growth which the fund has registered over the years.

**What is our annual expenditure for managing the EPF fund? Are we comparable with the other funds like the CPF and Calpers? *Shankar Karthikason, KL***

Different funds have different objectives, investment strategies, fund size, accounting policy, different amount of funds and functions that are being outsourced and so on. The cost of doing business and inflation rate for each country also varies. This therefore means that funds, be it global or domestic, cannot be easily compared with one another. In the case of the EPF, historically, we managed to minimise the expenses ratio over assets under management at around 20 basis points.

**Why is the EPF lending RM1.5bil to the Government for affordable housing? Isn't there a lot of risk in that when one of the main purposes of the EPF is to safeguard member's money? *Siva, Kuala Lumpur***

First and foremost, we would like to clarify that we are not lending RM1.5bil to the special purpose vehicle of the Federal Territories Foundation (SPV FT Foundation) for affordable housing. Essentially, the terms of the loan involve an initial facility of RM300mil with any further loans to be granted at the discretion of the EPF Investment Panel subject to the satisfactory performance of the conduct of the account by the SPV FT Foundation. This will be reviewed 12 months from the date of the last drawdown of the RM300mil. We would like to reiterate that all loans provided by the EPF to the Government or its agencies are made on commercial terms and with appropriate security to protect the interests of our members. In this case, the terms of the loan agreement are within the risk appetite of the EPF as it is secured against assets and cash flow with a suitable guarantee on repayment of the loan made.

**How has the EPF improved its operations to make it easier for its members and what are the changes in store that will improve on that? *Rosli, PJ***

As Malaysia's premier pension fund, the EPF is constantly finding new ways to enhance our service delivery for the benefit of our members and to help members prepare for a better retirement by introducing new initiatives as well as improvements to existing schemes. In this respect, the EPF has introduced "hassle-free withdrawals" facility for Age 50 Withdrawal, Age 55 Withdrawal and Withdrawal of Savings of More Than RM1mil. With this new facility, members wishing to make the above withdrawals simply need to bring with them their respective MyKad and bank account book to any EPF service counter. Members are no longer needed to fill up forms and produce photocopies of both their identification card and bank book. The savings will also be credited to their bank account within one to three working days compared to one week previously. To ease the financial burden of members in seeking immediate and the necessary medical treatment, we have extended the list of critical illnesses eligible under our Health Withdrawal from 39 illnesses to 55 and have also permitted members to purchase critical medical support equipment and peripherals. In addition, to enable members to access our services in a convenient and time-saving manner, we have introduced a personalised online account, i-Akaun, via myEPF website ([www.kwsp.gov.my](http://www.kwsp.gov.my)) for both members and employers to perform certain EPF transactions such as checking their account statements, viewing their beneficiary's name and also checking the status of their withdrawal applications.

**We have heard how lots people use up their EPF savings in a short time after retirement. What is the EPF doing about it and what can it do to extend the usefulness of people's savings well into their retirement?** *James Rajan, Puchong* - Spending has become somewhat of a trend for the majority of Malaysians. Most of the time, people tend to spend on things that they do not need and this is a habit that is not so easily disposed of. The EPF believes that the key to a secure retirement is good financial planning. In this regard, much effort has been done by the Government, EPF and financial industry to educate members on the importance of financial planning. In this respect, members are advised not to withdraw their retirement savings at Age 55 in lump sum but to withdraw via the flexible option. Under Flexible Age 55 Withdrawal, members can choose to withdraw their savings at any time subject to a minimum withdrawal of RM2,000 every 30 days or simultaneously exercise the option of withdrawing the balance from their accounts on a monthly basis. For the monthly payment option, members can withdraw a minimum of RM250 monthly for a period of at least 12 months provided there is a minimum of RM3,000 in members' account. We are pleased to note that more and more EPF members are opting for the Flexible Age 55 Withdrawal. Although the number is smaller compared to those who opted to withdraw their savings in lump sum, the increase is an encouraging sign that more members are becoming financial-savvy and starting to plan for their retirement.

**The size of the EPF fund is growing tremendously and what sort of issues does that present for the EPF and how does it plan to work around that and ensure its members can enjoy superior returns?** *Peter Yap, Ipoh*. The EPF has always faced constraints given the limited breadth of investment products and liquidity to trade in large volumes locally, especially with the fund size fast approaching half a trillion ringgit. This situation is made more critical as EPF asset growth has far outpaced the domestic market growth. With the asset size annual growth of 8% to 9%, in tandem with the increase of our membership base, it's a really tough challenge to sustain a stable and consistent dividend rate amidst market uncertainties. Hence, it is only natural that we gradually adjust our investment's tactical strategy and diversification programme to correspond with the market directions and economic conditions. Operationally, the biggest challenge is how best to serve our members especially the 6.26 million active members in terms of the number of transactions that we need to handle. In this respect, the EPF must continue to leverage technological innovations to ensure that our award-winning service delivery remains to be the top in the industry.