

The Star May 2014

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1. Najib: GST secures Malaysia's future

JITRA:: The Goods and Services Tax (GST) system that will be implemented from April next year is able to secure the country's future with more robust yields, Datuk Seri Najib Tun Razak said.

The prime minister said even though certain quarters proposed to hold protests in Kuala Lumpur against the GST, the reality was that the country's future would be guaranteed once it was introduced.

"If we think rationally...we understand that every government policy is for the people's benefit.

"Don't expect results in one or two days, you sow the seeds today, you expect the fruit tomorrow," he said when officiating the Civil Service Labour Day celebration 2014 at Wawasan Hall here.

Najib urged the people to understand the government's intention in undertaking changes and transformation because of its strong rational.

"This is the meaning that should be realised...changes cannot be stopped..must proceed..if we don't change, we will face an economic squeeze and bring sufferings to the people," he said, adding that the government wanted to undertake changes and transformation despite being viewed as unnecessary.

This year's theme is "Civil Servants, Pillars of the Nation."

Najib said the government was a government that does not promise something that it is unlikely to be fulfilled and not merely to garner support or popularity without thinking of the consequences.

"When we intend to do something, we weigh carefully and use fair considerations. If the Cuepacs president wants allowances to be upgraded, salaries to be raised, then we need to increase

productivity...Where do we find funds if we do not have the yields to fund these considerations," he said.

Based on the government's considerations, he said, it had brought success to the country even though an economic crisis was being faced globally.

"Malaysia achieved a moderate economic growth of 4.7 per cent in 2013 while this year, it is likely to be slightly higher compared to the previous year," he said. -



Saturday May 3, 2014

2. Civil servants who joined anti-GST rally can be sacked

KUALA LUMPUR: Civil servants involved in the anti-Goods and Services Tax (GST) rally will face stern action, including termination of service, said Chief Secretary to the Government Tan Sri Dr Ali Hamsa.

He said civil servants were supposed to support government aspirations and policies.

"If we have solid evidence of their involvement, stern action will be taken against them as stated in the public service circular and disciplinary regulations, starting with warning of termination of service," he told reporters after presenting Mara Excellent Service awards to 864 recipients here yesterday.

Also present was Mara director-general Datuk Ibrahim Ahmad.

Dr Ali was responding to Cuepacs president Azih Muda's remarks that government staff involved in the rally were traitors and did not deserve to be called civil servants.

Dr Ali said so far, no report had been received regarding civil servants' involvement in the rally.

Earlier in his speech, the Chief Secretary reminded civil servants to support and implement the National Transformation Policy to enable Malaysia to achieve fully-developed and high-income nation status by 2020.

"The transformation will enable Malaysia to improve its competitiveness and generate positive economic growth.

"This will make it possible for the Government to consider other incentives and benefits for civil servants, in particular," he said.

Dr Ali said the level of a country's development was not determined solely by its economic strength but also by the level of transparency and integrity of its public sector.



Thursday May 8, 2014

3. Felda Investment says Encorp buy will speed up property development

PETALING JAYA: Felda Investment Corp Sdn Bhd's (FIC) acquisition of Encorp Bhd will expedite the land bank-rich group's expansion into the property sector and monetise its assets.

FIC chief executive officer (CEO) Mohd Zaid Abdul Jalil said FIC had always had the intention of making a foray into property development, given its collection of land bank across prime areas in Malaysia.

"To expedite the plan, we needed a vehicle, and after some studying, we thought that Encorp was a good platform for us to execute that plan," he told StarBiz in a phone interview.

Mohd Zaid cited Encorp's good track record, past performance and capabilities as factors for FIC choosing it as its property development vehicle.

"We want continuity from this, as they have been doing a good job."

But FIC will probably need to quickly bring in its own team with the imminent departure of key people at Encorp following the takeover.

Encorp officially opened its first retail development, Encorp Strand Mall, recently.

Sources have told StarBiz that current CEO Yeoh Soo Ann will be leaving Encorp, while chief operating officer Mohd Ibrahim will stay.

Mohd Zaid declined to reveal what FIC assets would be injected into the listed company, but indicated that it would be a mix of its undeveloped land and hospitality assets.

"Our priority now is to go through with the mandatory general offer. Then, we will look back at our plans and see when it is a good time to inject what asset into Encorp," he said.

The investment arm of the Federal Land Development Authority (Felda) had on Tuesday bought a 49.45% stake in Encorp for RM239.72mil, or RM1.55 a share.

The stock gained one sen yesterday to close at RM1.54.

C H Williams, Talhar & Wong managing director Foo Gee Jen said FIC's move was a smart strategy to quicken its expansion pace.

"Generally, for entities like Felda with large land banks, it may take years to grow organically into a property player to unlock land value," he noted,

"The only way to move faster is through joint ventures or mergers and acquisitions."

A property sector analyst agreed that FIC's move spoke of a long-term plan, regardless of how the property industry is doing now.

"Even though the property market is expected to be a bit soft in the short term, the timing does not really matter because this will benefit FIC, and hence Felda in the bigger picture," the analyst said when asked if it was a good time to venture into property development instead of other sectors.

Zerin Properties CEO Previndran Singhe said this was a natural progression for Felda as a plantation group to venture into the property sector.

"Take IOI Corp Bhd and Sime Darby Bhd as examples, they started out as plantation companies and over time when their land matured, they entered property development as well. This is a forward-thinking move for Felda," he said, adding that the corporate move was good for the sector.



Thursday May 8, 2014

4. Khalid named wrong parties in suit, says federal counsel

KUALA LUMPUR: Malaysian Anti-Corruption Commission (MACC) chief Tan Sri Abu Kassim Mohamed and the Government are contending that Selangor Mentri Besar Tan Sri Khalid Ibrahim has named the wrong parties in his lawsuit over an allegation of abuse of power.

Senior Federal Counsel Zureen Elina Mohd Dom, who appeared for both defendants, said Khalid had not named the right parties in the legal action.

Khalid is suing Abu Kassim and the Government for allegedly implying that he had misused his position in his personal capacity and public office.

In his statement of claim, Khalid said the MACC had on April 4 last year interviewed one Airos Shahidin Manaf and then uploaded the interview, which was defamatory to him, on its official web portal and YouTube.

He said the interview was later downloaded, transcribed, printed and published in local and foreign newspapers.

He said the interview was also republished in news portal Malaysiakini under the headline "PKR members lodge graft report against Khalid".

Zureen Elina said the MACC officer had recorded a video clip based on a LensaKini reporter's interview.

"The MACC has now removed the video clip from its website and YouTube," she said.

She added that the MACC officer had recorded the video clip without having any specific intention.

She said High Court judge Justice Hue Siew Kheng had also asked if the parties would be considering settling the civil dispute.

"We have not discussed this," she said, adding that the court had set three days from Aug 25 for the trial.

Khalid's counsel K. Muralidharan, however, said the Attorney-General's Chambers had provided the name of the MACC officer and the video clip for their action after they filed for discovery application.



5. Education blueprint to see results after three years, says deputy minister

KUALA LUMPUR: The effectiveness of the National Education Blueprint 2013-2025 will only yield results three years after its implementation, Deputy Education Minister Datuk Mary Yap said.

She said the blueprint, which was launched last year, was ongoing and the nation would see an improvement gradually.

"It is not the right time to study the effects or getting evidence of the implementation now. We need at least three years and the time must be right," she told reporters.

Yap said the ministry was monitoring the blueprint's implementation, to evaluate its performance in the education system, and at the same time, to review if there was any area that needed to be addressed.

She said the ministry was constantly studying every policy formulated after a certain period of its implementation to ensure that the direction of the country's education was always appropriate and

in line with current requirements.

Yap said the ministry looked for the best strategy in implementing whatever aspiration and paradigm shift as contained in the blueprint.

She explained that besides transformation and innovations in the system of learning in schools, the collaboration between parents and the community was most important to ensure a comprehensive development of education.

"It takes a whole village to educate a child and it has been proven that the involvement of parents and the community has given a positive impact in the growth of the children's education," she said.



6. MACC: Doctors who sell MCs risk prosecution, loss of licences

KUALA LUMPUR: Doctors who are caught selling medical certificates (MC) could lose their license to practise and face the risk of prosecution, said the Malaysian Anti-Corruption Commission (MACC).

"We can do so as such acts have an element of fraud, with the principle intention of fooling employers and obtaining financial gain," said its director of investigations Datuk Mustafar Ali.

He said this was an ethical lapse and a serious crime, and such doctors would be referred to the Malaysian Medical Council (MMC).

He added the MMC had the right to revoke their license as a medical practitioner, while MACC would also investigate them under Section 18 of the Malaysian Anti-Corruption Act 2009.

"MACC has taken action against several doctors who had issued fake MCs to workers that were not sick and had paid for it," Mustafar said, adding that the recipients of the MCs could also be prosecuted.

This came after Health Minister Datuk Seri Dr S. Subramaniam said that the Government would take stern action against any doctor found selling MCs, calling such doctors a shame to the profession during a ground-breaking ceremony of SJK(C) Hwa Nam at Batu Anam here Friday.

Mustafar urged the Ministry and Health Department to refer any cases or evidence involving malpractice to the commission to ensure the continued integrity of the medical profession.



Tuesday May 13, 2014

7. Muhyiddin: Govt on track to becoming high-income nation

KUALA LUMPUR: The Government is right on track to become a high-income nation by 2020 with its transformational programmes rolled out over the years.

Deputy Prime Minister Tan Sri Muhyiddin Yassin said the seven National Key Results Areas (NKRAs) in the Government Transformation Programme (GTP) were meeting their targets due to the planning and cooperation between the Government, the private sector and the people.

He said the NKRAs would not have achieved a success rate of 104% without cooperation from these three sectors, especially from the government officers.

"The most important aspect is the delivery system from the Government, thanks to committed officers who help implement the programmes and the response from the people in accepting them.

"We would not have been able to achieve such success without them," he said at a press conference here after the launch of the GTP annual report by Prime Minister Datuk Seri Najib Tun Razak last night.

International Trade and Industry Minister Datuk Seri Mustapha Mohamed said the results of the GTP proved that people were benefitting from the programmes.

"This is real and it is not something orchestrated. We need to keep on improving and sustaining our performance. We hope to do better so we need to pull up our socks and work harder," he said.

Urban Wellbeing, Housing and Local Government Minister Datuk Abdul Rahman Dahlan said he was confident the target to provide affordable housing over the next five years would be achieved.

At the launch, Najib said the Government had allocated RM2.1bil for this year to build 133,000 affordable housing units by several agencies.

He also said at least one million affordable housing units would be constructed by 2018.



8. Petronas net profit down on Egypt ops

KUALA LUMPUR: Petroliaam Nasional Bhd's (Petronas) net profit fell 7.8% in the first quarter ended March 31, 2014, on huge impairments for its operations in Egypt and higher operational costs due to increased exploration activities and costs incurred for imported liquefied natural gas (LNG).

The national oil company registered a net profit of RM18.8bil, compared with RM20.4bil in the previous corresponding period.

"Our earnings fell due to the fall in oil prices, even though our total production for the period was higher, as well as huge impairment expenses mainly in our Egypt operations and higher operational costs due to increases in exploration activities," Petronas president and group chief executive officer Tan Sri Shamsul Azhar Abbas said at a press briefing on the company's results yesterday.

Shamsul revealed that up to RM500mil had been charged as impairment expenses for the group's operations in Egypt.

"We are just being prudent. I believe things will improve in Egypt in the next few months," he explained.

During the first quarter, Petronas' revenue grew 9.5% to RM84bil from RM76.7bil in the corresponding quarter last year.

The group's total production rose 4.9% to 2.26 million barrels oil equivalent per day (boepd) in the first quarter from 2.16 million boepd in the same period last year, while its entitlements edged up 9.5% to 1.82 million boepd from 1.67 million boepd previously.

Shamsul said the group's improved oil and gas production was mainly driven by resumption of production in its two South Sudan fields, new oil production from Iraq, higher demand from Turkmenistan and new gas production from Malaysia.

The average Brent oil prices for the first quarter of 2014 stood at US\$108.22 per barrel, compared with US\$112.55 per barrel in the previous corresponding period.

Petronas' cash from operations and others stood at RM25.9bil in the first quarter. Of that total, it used RM17.3bil for capital expenditure and RM7bil for dividends to the Government.

Meanwhile, Shamsul revealed that Petronas was currently in talks with several companies to take up a 10% to 12% stake in its proposed C\$11bil (RM32.5bil) LNG project in Canada.

Petronas currently owns a 62% stake in the proposed Pacific Northwest LNG export terminal, after having pared down its interests in the project by selling a 15% stake to China Petroleum and Chemical Corp; 10% to Indian Oil Corp; 10% to Japan Petroleum Exploration; and 3% to Petroleum Brunei.

"Our aim is to sell down our stake in the project to 50%. We are in the process (of doing it already) and are talking to three to four companies to take up an additional 10%," Shamsul said. "The price must be right, otherwise, we are not in a hurry (to sell)."

9. PAC chief Nur Jazlan: Govt should sell stake in MAS

OHOR BARU: The Government should consider selling its stakes in Malaysia Airlines (MAS), said Public Accounts Committee chairman Datuk Nur Jazlan Mohamed.

He said that currently, the Government "pumped money" into MAS via bonds from the Employees Provident Fund (EPF).

"In the 90's, the Government tried to privatise MAS but the company was facing financial difficulties and the Government had to step in again.

"Now MAS is facing a huge problem due to the MH370 issue and the Government should reconsider its stake in the company to make sure it stays a float," he said.

Nur Jazlan added that the Government should be willing to listen and open MAS to foreign investors.

"MAS is already a stable brand and the Government should sell it," he said when met after launching Al-Jannah Mahkota Dewi products at Plaza Angsana here.

10. PAC urges Government to give up MAS

THE public accounts committee (PAC) has urged the Government to consider giving up its interest in loss-incurring Malaysia Airlines.

In its front page report, Sinar Harian quoted PAC chairman Datuk Nur Jazlan Mohamed as saying this would reduce the burden of using the people's money to consistently bail out the national carrier.

He said there were several options to save the troubled airline, including privatisation and opening opportunities for investors, including foreign companies, to take up its shares.

"The issue now is whether spending the rakyat's money wisely is more important than 'saving face' for MAS as a national entity," he was reported as saying at an event in Johor Baru on Saturday.

Nur Jazlan, who is Pulai MP, said he agreed with Prime Minister Datuk Seri Najib Tun Razak that if the big obstacle of financing the airline could not be overcome, there should be other more prudent ways to resolve the issue.

MAS incurred first quarter losses amounting to RM443.4mil this year, which was higher than the RM278.8mil losses incurred for the same period last year.

The MH370 incident was cited as among the causes for the higher losses.

> Malaysia is fast becoming a heaven for transgender sex workers from Asean nations owing to the lure of lucrative wages for their services, Metro Ahad reported.

In a special report on the issue, the tabloid said 1,000 transgenders from Thailand, Indonesia, Laos and Philippines, among other Asean nations, were among those detained last year.

Many of them had allegedly entered the country on social visit visas.

Jenny, 25, from Thailand, said there were too many kathoeyes or ladyboys in Bangkok competing for a living compared to Malaysia.

He claimed that while he used to earn only about 8,000 bahts (RM800) a month in Thailand, he could make RM500 a night as a sex worker in Malaysia.

Indonesian Mulan, 30, who lives in a rented room with several others in Chow Kit, said he was saving for a sex operation in Thailand.

Criminal analyst Kamal Affendi Hashim attributed the higher number of foreign male sex workers to demand from both local and foreign men owing to the nation's status as a tourists destination.

11. Economists see Malaysia's key interest rate rising by 25 basis points

PETALING JAYA: The stronger-than-expected economic growth in the first quarter of this year has fuelled expectations of economists that interest rates in Malaysia could go up as early as July when Bank Negara's Monetary Policy Committee (MPC) convenes its next meeting.

Several economists, when contacted, expected the central bank to raise the overnight policy rate (OPR) by 25 basis points from the current 3.0% to 3.25% by the next MPC meeting scheduled to be held on July 10.

Their belief is based on the strong growth in the first quarter of 2014 amid signs of continued build-up of financial imbalances and higher inflationary pressure in the country.

"We think it is a good time for the central bank to increase the OPR now as the country's economy has been quite resilient as evidenced by the recently released GDP (gross domestic product) data," Alliance Investment Bank chief economist Manokaran Mottain said.

"We see the potential OPR hike in July to be a normalisation process, rather than a monetary tightening measure, as at 3.25%, we think the rate remains accommodative to growth," Manokaran told StarBiz.

He noted that with the country's economy going strong, the expected adjustment in interest rates would not have a significant impact on potential growth.

Malaysia's economy grew 6.2% in the first quarter, driven by strong domestic demand and recovery in net exports. The headline inflation, as measured by the annual change in consumer price index (CPI), remained on an upward trend and averaged at 3.4% during the quarter due to higher costs in the housing and utility and transport sectors.

Bank Negara had noted that Malaysia's inflation would remain above its long-run average of 3% even as the country's growth prospects remain firm.

The central bank sent out the clearest signal of an imminent hike in the OPR, a move that would cause interest rates to increase, in its last MPC meeting early this month. It alluded to the need of adjusting the degree of monetary accommodation as financial imbalances continued to build up amid firm growth prospects and higher but stabilising inflation.

Bank Negara had left the OPR unchanged for the past two years. The last revision happened in May 2011, when the MPC decided to increase the OPR by 25 basis points (bp) to 3%.

The prolonged low levels of interest rates in Malaysia had contributed to the rising household debt level, which reached a record 86.8% of GDP at end-2013.

Bank Islam Malaysia Bhd chief economist Mohd Afzanizam Abdul Rashid said there was a high possibility of Bank Negara raising the OPR level in the upcoming MPC meeting in July, given the rising risk of financial imbalances due to the elevated levels of household indebtedness.

"Bank Negara's monetary stance needs to be aligned with such dynamics, which if left unattended, would lead to instability in the financial system," Afzanizam explained.

Nevertheless, he said, Bank Negara's monetary policy adjustment would likely be gradual, and the central bank would not take too aggressive a stance on the OPR.

"The recent GDP growth numbers implied that the current growth trajectory could withstand such adjustments as domestic spending is anticipated to remain resilient amid improvement in the external sector," Afzanizam said.

Citigroup Inc economist Kit Wei Zheng, on the other hand, believed Bank Negara would adopt a more hawkish stance. He said: "We expect a 25 bp rate hike in July, with another 25 bp hike in September. But do not rule out further hikes thereafter."

Zheng rationalised: "With inflation possibly climbing to 4.5% in 2015 on GST (goods and services tax) implementation and fuel price hikes amid strong growth, the extent to which further hikes may be required to arrest the slide in real interest rates remains to be seen."

Meanwhile, CIMB Investment Bank Bhd economist Julia Goh reiterated her group's view that the 25 bp hike in OPR would only take place in September, contrary to the consensus view of a hike in July.

"The need to raise the OPR coincides with the country's firm growth and rising inflation amid growing imbalances, but we think the normalisation process will only begin in September, and not in July due to the Ramadan festival," Goh said.

According to economists, expectations of an interest rate hike would likely attract foreign funds into Malaysia. This reinforced their views that the ringgit would strengthen further against the US dollar towards the second half.

Nomura Securities, for one, pointed out that the local fundamental drivers of ringgit remained positive, especially on the back of the country's strong first-quarter GDP and current account numbers. However, Nomura said, until Bank Negara tightened its monetary policy, there would still be the risk of a significant pickup in the US economy and higher US bond yields limiting the ringgit performance.



Thursday May 22, 2014

12. No new lending curbs, but option to hike interest rate kept

KUALA LUMPUR: Bank Negara says it has no immediate plan to introduce new lending curbs, even as the household debt level remains stubbornly high, but it is keeping its option to raise interest rates.

"The current measures are taking effect, we do not want to cause an over-adjustment.

"Our economy has reached growth on a very stable trajectory, and this is what we want to achieve," Bank Negara governor Tan Sri Dr Zeti Akhtar Aziz told reporters at the sidelines of the Asian Banker Summit 2014 yesterday.

The central bank has kept the OPR steady at 3% since May 2011, which had enabled Malaysia to sustain a steady growth of 4.7% in 2013, despite the challenges in the global economy. Zeti said policy makers would assess in July if there was a need to adjust the OPR rate.

"There are many other pro-growth measures in place and any adjustment will be to the degree of accommodation, and the monetary policy will remain accommodative, it would not be a policy of

monetary tightening," she said. The market is expecting Bank Negara to increase its OPR rate by 25 basis points to 3.25% at the July meeting based on the strong growth in the first quarter of 2014 at 6.2% and higher inflationary pressure, which rose 3.5% for consecutive months since February and 3.4% in April.

Bond and sukuk yields have increased on the expectation of the rate hike. There are also concerns that lending curbs that are already in place coupled with higher borrowing cost would hurt demand for properties.

In July last year, Bank Negara launched macro-prudential measures involving the shortening of mortgage and personal loan tenures to rein in escalating household debt.

"The measures taken are beginning to take effect, mostly personal loans, and some effect on household loan growth," Zeti said.

The household debt growth moderated to 11.7% in 2013 from 13.5% in 2012.

However, the household debt level reached a record 86.8% of GDP at end-2013.

Zeti said Bank Negara was not trying to restrict borrowing especially by first-time homeowners and those who were credit worthy. "The impairment ratio of the household sector is about 1.8%, in other words the portfolio of the household debt is sound at this point of time," she added.

On another note, Zeti said deeper economic and financial integration in Asia was important in paving the way towards a more dynamic and competitive region.

"Further benefits to Asia were evident in the more recent period, when banks within Asia stepped in to bridge the gap left by the retrenchment of lending activities by some of the European banks, thereby mitigating the impact of the financial crisis on the region," she said during her keynote speech at The Asian Banker Summit 2014.

13. Economic Transformation Programme going full steam ahead

SINCE the Prime Minister launched the Economic Transformation Programme's (ETP) Annual Report 2013, I have been reading some news headlines decrying that the ETP is "losing steam", "losing momentum" and "struggling". Far from that, and I want to set the record straight.

Where we are today in terms of investments within the ETP is by design and not a result of the programme experiencing fatigue or Malaysia becoming less attractive to investors.

When the ETP kicked-off in 2010, the Entry Point Projects (EPPs) were meant to be catalytic to the economy. By taking in those investment projects and playing our role to facilitate, track and intervene - we were able to discover the realities of what private sector faces on ground when they want to do business here.

Issues faced by EPPs were brought to the Steering Committee held with lead ministers and tough decisions were made. Essentially, we were going for a "green lane" effect i.e. by solving problems faced by EPPs, the pathway becomes open for other projects to flow through.

At the launch of the ETP, 131 EPPs were announced. I could have just been happy with 50 new projects, but I wanted to make sure we had enough critical mass to catalyse change. At that time in the early stages of the ETP, we consolidated investment figures from these projects to provide clarity, confidence and build momentum at the kick-off point.

Today, the ETP no longer needs to emphasise on increasing the pathfinder projects (EPPs). With this initial set of critical mass, we have been knee-deep into execution. It is in this rigour of execution that the pathway is cleared for investments to flow into agencies tasked with attracting investments such as Malaysian Investment Development Authority, Multimedia Development Corp and the regional corridors.

Let me stress that Pemandu (Performance Management and Delivery Unit) was not formed to take over the roles of these agencies. It is also naive to equate the performance of the ETP to the number of new EPPs we gather to the fold year on year. Our role is simple as it is complex - to facilitate change within sectors and structure policy reforms to improve the economy and the business environment.

While the ETP looks into projects to discover and resolve real issues on the ground faced by businesses via the EPPs, Pemudah (Special Task Force to Facilitate Business) addresses specific processes identified by the World Bank to improve the ease of doing business. When the ETP started out in 2010, Malaysia was 23rd in the World Bank's Doing Business Report. Efforts from Pemudah and the ETP moved Malaysia's position to 6th for 2014. It is heart-warming that we have successfully jumped ahead of developed countries like the United Kingdom, Norway and Australia.

Just last week, it was announced that Malaysia's ranking in the IMD World Competitiveness Yearbook 2014 also advanced a few notches, moving up from 15th to 12th position. So when someone tells me that the ETP is losing steam, I disagree. And for very good reasons.

First, approved pipeline investments have been increasing year on year and since 2010 have surpassed the Government's annual investment target of RM148bil under the 10th Malaysia Plan. In 2011, approved investment stood at RM154.6bil; in 2012, RM167.8bil and in 2013, RM216.5bil.

The EPPs are but a fraction of these approved investments. Just because we did not classify these big investment figures as EPP, it is wrong to assume the transformation of the Malaysian economy is dwindling.

Second, realised investments have also been rising year on year in the last few years since we started the ETP. In 2010, investment hit RM179.8bil (55% private investment); in 2011, RM197.2bil (57% private investment); in 2012, RM241.7bil (58% private investment) and in 2013, RM264.6bil (61% private investment).

I don't understand people who are so bent on looking for any signs to indicate negative trends that their parsimony misleads the public at large.

With the ETP now entering its mid-point, I am also aware of criticism about our relentless focus on the 12 National Key Economic Areas and why we do not want to increase the focus areas.

We chose 12 out of many subsectors because these were areas Malaysia has a natural competitive advantage. I am not apologetic about this decision to stick to this set of 12. A lack of focus will rack up Government debt and we will end up spreading our resources too thin. In all likelihood, public funds will be borrowed and will reach a level where public debt will surely surpass the self-imposed debt ceiling.

We have to keep making sure we deliver more for less public money. Public funds should be used to deliver benefits and the only way to do that is to focus on the key economic sectors.

There are six years left in the transformation journey. We are going full steam ahead and are within striking distance to achieve our ambitions.

Datuk Seri Idris Jala is CEO of Pemandu, the Performance Management and Delivery Unit, and Minister in the Prime Minister's Department. Fair and reasonable comments are most welcome at idrisjala@pemandu.gov.my



Wednesday May 28, 2014

14. Difficult for traders to overcharge once GST implemented

KUALA LUMPUR: The Goods and Services Tax, which will be implemented on April 1 next year, will make it difficult for unscrupulous traders to overcharge consumers.

Royal Malaysian Customs Department internal tax division director Datuk Subromaniam Tholasy said the GST improves the structural defects in the current sales tax system and helps ensure that consumers do not pay for any "hidden tax".

The current sales tax system, he explained, had a cascading effect on consumers.

"We are currently trapped under the old system as unscrupulous traders can take advantage by increasing their prices unfairly although the sales tax is imposed at the manufacturer's level.

"The GST is collected in piece meal from one stage to another. What you pay is the value-added tax.

"Unscrupulous traders can no longer take the cost of tax as the cost of goods. The prices will become more transparent and in the long run, more

stable," he said at a public forum entitled "Why GST?" organised by Universiti Malaya's International Institute of Public Policy and Management (Inpuma) here, Wednesday.

He said under the GST, consumers would not bear the cost of any "hidden tax" as the profit margin at each level from manufacturer right down to retailer would be known.

"Under the net Ringgit margin rule, the profit margin before and after the GST should not change. That will basically cap any profiteering exercise by these unscrupulous traders.

"It is easier to enforce the Anti-Profiteering Act under the GST environment as we know the margin at each level," he added.

The list of items taxable under GST, Subromaniam said, would be released as a "Shoppers Guide" three months before and three months after its implementation.

"If it is released too early, it might not reflect the actual basic price of the goods as the production cost might have changed before that period," he said, adding that the list would include popular consumer items.

Basic food and essential sectors such as public transport, health, housing and education are exempted from the GST.

The GST, he said, was a progressive tax where the burden on the lower income group was much lower than the higher income group.



Thursday May 29, 2014

15. GST will help to curb profiteering, says Customs Dept

KUALA LUMPUR: The Goods and Services Tax (GST) - to be implemented on April 1 next year - will make it difficult for unscrupulous traders to overcharge consumers.

Customs Department internal tax division director Datuk Subromaniam Tholasy said GST would improve the structural defects in the current sales tax system and help ensure that consumers did not pay for any "hidden tax".

The current sales tax system, he explained, had a cascading effect on consumers.

"We are currently trapped under the old system as unscrupulous traders can take advantage by increasing their prices unfairly although the sales tax is imposed at the manufacturer's level.

"GST is collected from one stage to another. What you pay is the value-added tax.

"Unscrupulous traders can no longer take the cost of tax as the cost of goods. Prices will become more transparent and in the long run, more stable," he said at a public forum entitled *Why GST?* organised by Universiti Malaya's International Institute of Public Policy and Management here yesterday.

He said under GST, consumers would not bear the cost of any "hidden tax" as the profit margin at each level, from manufacturer to retailer, would be known.

"Under the net ringgit margin rule, the profit margin before and after GST should not change. That will basically cap any profiteering by these unscrupulous traders.

"It is easier to enforce the Anti-Profiteering Act under the GST environment as we know the margin at each level," he added.

The list of items taxable under GST, Subromaniam said, would be released as a "shoppers guide" three months before and three months after its implementation.

"If the list is released too early, it might not reflect the actual basic price of the goods as the production cost might have changed before that period," he said.



Friday May 30, 2014

16. MACC: Up to Telekom to sack employee, denies conspiracy

KUALA LUMPUR: A former sales director will know on June 27 over his suit against his ex-employer Telekom Malaysia Bhd for allegedly sacking him after a domestic inquiry.

Mohamed Puhad Mohamed Liza said that the inquiry was designed to sack him without a proper hearing.

In his suit, Mohamed Puhad, then seconded to Telekom's subsidiary company Government Integrated Telecommunication Network Sdn Bhd (GITN), said he was informed by his counsel Reuben Netto that the inquiry panel unanimously decided to terminate his employment.

High Court Judicial Commissioner Rosilah Yop fixed the date in chambers after hearing lengthy submissions by parties.

In his suit seeking for damages filed in Feb 25, Mohamed Puhad named Telekom, GITN, inquiry chairman Aznan Ramli, panel committee members Kama Azila Abd Rani and Ahmad Che Mat, Telekom assistant general manager Hezlina Hashim, MACC operations division director Datuk Mohd Jamidan Abdullah and MACC senior superintendent Hishamuddin Mohammad Esa as defendants.

Speaking to reporters here on Friday, SFC Shamsul Bolhassan, who appeared for two MACC officials, said that the plaintiff argued that there was a conspiracy to sack him.

"I have argued that it is up to Telekom to sack him as his employer," he said.

SFC Shamsul said Mohamed Puhad could only sue the parties for malicious prosecution if he was acquitted over his four corruption charges but the trial was still pending at the Shah Alam court.

"I have argued that the criminal charges and disciplinary proceedings over his dismissal are two different proceedings and therefore double jeopardy which he claim in his case did not arise," he added.

Telekom, represented by lawyer M. Shanti, had contended that he should go to the Industrial Court over his dismissal claim and not file the civil dispute at the High Court here.

In his suit, Mohamed Puhad is applying to get an order from the High Court that the inquiry on Jan 28, alleging that he had abused his power to get payments from a Telekom's partner firm, was invalid, defective and unlawful.

He named Telekom, its four officials, its subsidiary company and two MACC officers named as defendants.

He said on Dec 23 last year, he was produced in the Shah Alam Sessions Court to face four corruption charges.

Lawyer Gurbachan Singh, who appeared for the plaintiff, said that the judge would hear his client's bid to discover certain documents, after deciding the striking out application by defendants.

17. MACC: No corruption involved in businessman's RM32mil interest-free loan from Bank Rakyat

KUALA LUMPUR: The Malaysian Anti-Corruption Commission (MACC) has found no element of corruption in Bank Rakyat's RM32mil interest-free loan to a businessman.

MACC in a statement Saturday said initial investigations found it was more a bank governance issue.

"However, the commission will take appropriate follow-up action, including calling the relevant parties if we receive new information," the statement said.

A news portal recently quoted the bank's former chairman, Tan Sri Sabbaruddin Chik, as claiming the businessman had sought the intervention of a politician to secure the loan.

The Commission, however, pointed out that not all complaints or allegations reported by the media or raised by any other parties would lead to findings of corruption.

"The MACC Act 2009 only provides provisions for investigating cases with elements of corruption.

"In this regard, the Commission hopes this case is investigated by other related agencies under the relevant laws, so that action can be taken against a certain party because of failure to comply with regulations," the statement said.