



Transparency

The Global Coalition Against Corruption

Transparency International – Malaysia • Vol 25 (Apr 2013- Sep 2013) • KDN Permit No: PP11959/04/2010 (025399)

President's Message



Dear Members,

I trust my inaugural message as President finds you well.

TI Malaysia EXCO members are troubled by the results of the 2013 Global Corruption Barometer which revealed that 86 percent of the Malaysian public still believe that the corruption level in the country has either increased or remained stagnant.

To me, this is a clear indication that despite TI-M's past endeavours, much more effort is required to win the battle against corruption in this country. Let me reassure all members that the executive committee will do its level best to ensure that the plague of corruption does not reach the crippling levels that some other nations have faced or may be facing. You have our undertaking that we will spare no effort to do our part to the best of our abilities.

I promise that TI Malaysia will not be swayed from its mission and core principles. We will relentlessly pursue our stated mission of curbing corruption and promoting transparency, accountability and integrity across all cross-sections of Malaysian society. In fitting into TI Berlin's vision of a corruption-free world, the Malaysian chapter will do its part against corruption while staying firm to its core values of transparency, accountability, integrity, solidarity, courage, justice and democracy.

Lastly, I would also like to invite all members to participate more actively in TI Malaysia's events. The executive committee is looking to further improve on the management of TI Malaysia in order to make our presence felt in the fight against corruption in Malaysia. To this end, we welcome any feedback and constructive suggestions from all members on how we can move forward in our efforts to combat corruption in this country.

Thank you
Dato' Akhbar Satar

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Design Layout : Noah Wong

TI-M 15th Annual General Meeting

29th April 2013

The 15th Annual General Meeting held on Sunday, 29 April 2013 in Grand Dorsett Subang Hotel, Subang Jaya was attended by 38 members. Three proposals were received.

The floor voted as follows:-

1. Individual Subscription rate

Proposal	Votes
Reduce individual subscriptions to RM50 per annum	1
Revert to the previous subscription rate of RM100 per annum	17
Maintain the present subscription rate of RM200 per annum	11

2. Period of Associate Membership

Proposal	Votes
Maintain the period of two years	5
Reduce to one year	1
Remove Associate Membership category	23

3. Voting privileges of new individual members

Proposal	Votes
Voting rights are accorded immediately after application is approved by the Exco	18
Must wait one year after Exco approval to have voting rights	12

The results of the elections for the new TI-M Exco for the term 2013-2015 are as follows:

Post	Name
President	Datuk Paul Low Seng Kuan
Deputy President	Dato' Akhbar Satar
Secretary-General	Josie Fernandez
Treasurer	Mohamad Raslan Abdul Rahman
Exco members	Prof Datuk Hj Mohamad Ali Hasan Dr. Pola Singh Mejar (B) Rozni Hashim Dato' Dr. A. Ganesan Dr. Muhammad Mohan Dr. Loi Kheng Min



2nd EXCO MEETING

24th May 2013

At the 2nd Executive Committee (EXCO) meeting held on Friday 24 May 2013, new office bearers were elected following the resignation of Datuk Paul Low as President after he has been appointed as Minister in the Prime Minister's Department on 24th May 2013. The duly elected TI-M Exco were as follows -

President : Dato' Akhbar Satar

Deputy President : Prof. Datuk Hj Mohamad Ali Hasan

Secretary-General: Dr KM Loi

The position of the Treasurer and EXCO members remained unchanged.

The EXCO would like to place on record its appreciation to Ms. Josie Fernandez for her invaluable contribution as Secretary-General and in the other positions she has held over the years. As indicated in her interview with the STAR newspaper published on 25 May, Ms Fernandez looked forward to continue contributing to TI-M. We welcome her future contribution and continued support of TI-M.

Extraordinary General Meeting

20th July 2013



An Extraordinary General Meeting (EGM) of Transparency International Malaysia (TI-M) requisitioned by 15 members of TI-M, was held on Saturday, 20 July 2013 at the Royal Selangor Club (Kiara Annexe), Bukit Kiara, Kuala Lumpur. The highlights of the EGM were as follows: -

- There were a total of 41 registered members, but at the time of casting of votes, only 39 eligible voting members were present.
- The events and issues surrounding the 2nd Executive Committee Meeting held on 24th May 2013 including the elections conducted to fill the vacant EXCO positions and also events and issues which transpired thereafter were clarified, explained and discussed at the EGM.
- Arising from the foregoing, the following Resolutions were considered and voted on by TI-M members with a majority voting against the resolutions:
 - i) that the entire Executive Committee (Exco) vacate their offices for elections to be held; and
 - ii) that the offices of the President, Deputy President and Secretary-General be vacated & for fresh elections to be held.



With these results, the members had spoken and the composition of TI-M Executive Committee remained status quo as the current Exco line up comprising Dato' Akhbar Satar as President, Prof. Datuk Haji Mohamad Ali Hasan as Deputy President, Dr KM Loi as Secretary-General, Mohamed Raslan Abdul Rahman as Hon. Treasurer and Committee members Mejar (B) Rozni Hashim, Dr Muhammad Mohan, Dr Pola Singh, Dato' Dr A. Ganesan, and Mr. Tam Wah Fiong.



With the above episode behind us the Executive Committee calls upon all TI-M members to close ranks and work together to achieve TI-M's objectives by contributing positively to the fight against corruption.

Global Corruption Barometer 2013 results

Press Statement issued in conjunction with the worldwide launch TI's GCB Survey



Malaysia's 2013 GCB results

Transparency International's Global Corruption Barometer (GCB) 2013 surveys the general public on their experience, views and perceptions of corruption in their country, including views on the government's efforts in fighting corruption. The survey was conducted between September 2012 and March 2013.

In Malaysia, a Computer Assisted Telephone Interviewing (CATI) survey method was conducted by TNS Malaysia over 1,000 members of the public, covering 19% in urban and 81% in rural areas. The gender distribution is 52% male and 18% female.

The Findings

Malaysia's GCB 2013 results are mixed, showing positive feedback in the public's willingness to fight corruption while recording a fall in the perceived effectiveness of the government's actions in fighting corruption.

With respect to the change in level of corruption in the last 2 years, 39% of the respondents believed that the level of corruption had increased, 47% said it stayed the same, and 14% put it as it had decreased. In the 2011 survey, it was 37% of the respondents who thought that the level of corruption had increased.

With the new wave of the public awareness on curbing corruption, the survey showed that 79% of the respondents would say, "YES" to reporting an incident of corruption. As many as 67% are willing to sign a petition asking the government to do more to fight corruption. Meanwhile 87% agreed that ordinary people can make a difference in fight against corruption. Generally, the effectiveness of the government's actions in fighting corruption saw a decrease to 31% from 49% in 2011.

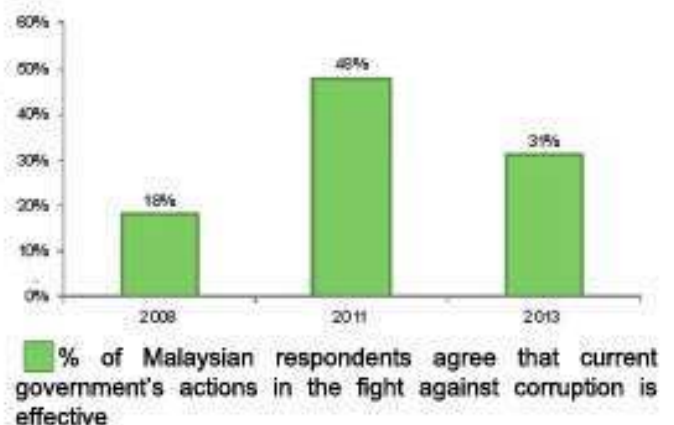
On a scale of 1 – 5, where 1 means not at all corrupt and 5 means extremely corrupt, the police is still perceived to be the most corrupt (4.0/5.0), followed by political parties (3.8/5.0) and public officials/civil servants (3.3/5.0) and Parliament/Legislature (3.3/5.0).

The Barometer survey asked people if they had come into contact with identified service providers in Malaysia and for each of these services they have engaged, they were asked if they had paid a bribe. 12% have paid the police; 8% in the judicial system and 3% in the education system.

Encouragingly, the percentage of respondents that paid a bribe remains relatively low at 3%. An overwhelming number believes the *rakyat* can make a difference in fighting corruption. In addition, the majority of respondents are willing to participate in some form of anti corruption activity.

These results indicate that the incidence of petty corruption continues to remain at low levels, demonstrating the *rakyat* abhorrence to corruption and commitment to make a difference in the fight against corruption. However the more dangerous form of "grand corruption" involving collusion and state capture continues to be a cause for concern.

How would you assess your current government's actions in the fight against corruption?



Source : GCB

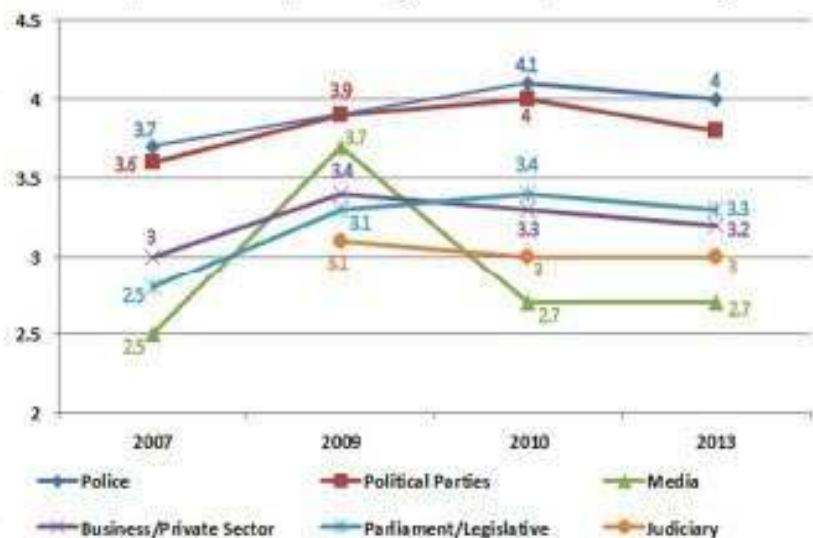
We are encouraged by the government's appointment of Datuk Paul Low, Transparency International Malaysia's (TI-M) former President as the Minister overseeing Anti-corruption, Governance and Integrity initiatives. With the government's support, we believe that he will be able to make the structural changes necessary to improve Malaysia's governance environment.

TI-M further commends the various GTP 2.0 initiatives announced by the government to fight corruption. Among them is the government's own Key Performance Indicator (KPI) of 70% by 2015 in measuring how effective the Rakyat assesses its actions in fighting corruption. Given GCB 2013's result of 31% whom believed in the effectiveness of government's actions in fighting corruption, much more needs to be done in the short time left to achieve the KPI and ensure the timely success of all initiatives.

TI-M calls on the government to continue uphold the rule of law without fear or favour so that abusers especially "big fish" cases do not have impunity from prosecution. Initiative a thorough review and reform of the Police and Political Parties which are viewed as corrupt institutions. Enhance the autonomy and independence of investigative agencies such as the MACC and EAIC. Improve the protective framework to encourage more whistleblowers to come forward. Uphold transparency and accountability in public procurement.

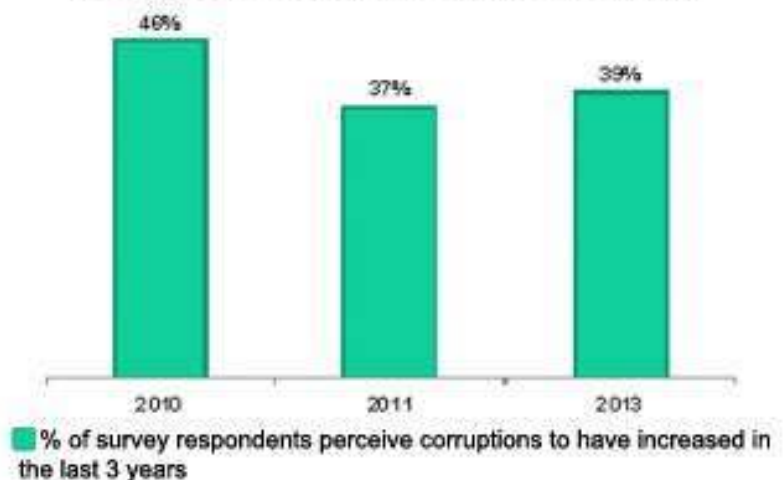
The rakyat has indicated its strong support in the fight against corruption. The government's actions over the next 18 months will be crucial in how the public judges its commitment.

Perception of corruption in key institutions/sectors in Malaysia



Note: Data for Police (2009) and Judiciary (2007) is unavailable
Source: GCB

Perceived increase in corruption in Malaysia



Note: Data for 2012 was unavailable
Source: GCB

TI-M's Recommendations:

TI-M calls on the government to continue to uphold the rule of law without fear or favour so that abusers especially "big fish" cases do not have impunity from prosecution.

- Initiate a thorough review and reform of the Police and Political Parties which are viewed as corrupt institutions.
- Enhance the autonomy and independence of investigative agencies such as the MACC and EAIC.
- Improve the protective framework to encourage more whistle-blowers to come forward.
- Uphold transparency and accountability in public procurement.



Press release

Immediate family members will not be given government contracts - Kedah MB

Transparency International-Malaysia (TI-M) commends the moves taken by the Kedah Menteri Besar, Datuk Mukhriz Tun Mahathir for his leadership policy not to give or award government projects to his immediate family members.

This positive and pragmatic step proves that the state government and the Menteri Besar is on the right track in combating corruption and strengthening the integrity of his administration.

TI-M hopes that this step, which will also enhance the state government's delivery and integrity system, will be extended to include its state Exco members and appointed local council members. Similarly, this meaningful step should be emulated by all Menteris Besar and Chief Ministers in this country.

In welcoming this positive development, which is one of the important steps in transforming Malaysia into a corruption free country, TI-M hopes that all state governments will work closely with MACC and to follow the standard set by Datuk Mukhriz. TI-M also hopes that this decision will also include all public procurements and tenders.

TI-M continues to express hope that the Federal Government will take necessary steps to amend Section 23 of MACC Act to plug the loophole to ensure the effectiveness of the policy by not giving or awarding any projects, procurements and tenders to immediate family members of those holding public positions. This amendment to the law is necessary to prohibit any government servant from awarding any project directly to their family members and to ensure that any such award should be done through proper public procurement process incorporating the appropriate integrity pacts.

Meanwhile, TI-M welcomes the statement made at the Delivery Task Force (DTF) Anti-Corruption NKRA (National Key Result Area) Meeting chaired by Deputy Prime Minister Tan Sri Muhyiddin Yassin last month that all special officers to the cabinet ministers will be required to undergo a vetting process with the Malaysian Anti-Corruption Commission (MACC) and the police so as to ensure good governance and increased transparency among the special officers prior to their appointment.

We will continue to work closely with all parties in fighting and curbing corruption.

Dato' Akhbar Satar
President
Transparency International Malaysia
15 August 2013



Kedah Menteri Besar
Datuk Mukhriz Tun Mahathir
(Photo credit: mukhriz.com)

Other recent TI-M press statements:

- TI-M wants MACC to be independent and have prosecutorial powers
- TI-M urges Government to consider declassifying procurement documents
- Electoral Reforms urgently needed

For the full press statements, please visit our website @ www.transparency.org.my





Press release

MACC & PAC should look into government projects with escalated costs

Greater concerted efforts must be made by the Prime Minister, Datuk Seri Najib Tun Razak to look into the growing number of outstanding cases of public projects where costs have escalated and possible abuse of public funds.

In view of the upcoming Auditor-General's Report 2013, Transparency International Malaysia (TI-M) strongly urges the Prime Minister not only to release the reports to all members of Parliament before the tabling of 2014 Budget but also giving sufficient time for the MPs to read and debate the Report in Parliament.

We call upon the Prime Minister to instruct both the Malaysia Anti-Corruption Commission (MACC) and the Public Accounts Committee (PAC) to place more efforts to go after cases where there are obvious abuses of public funds, especially at a time when the country's debts are at its highest level and public confidence in the government is at its lowest.



*Both contractors responsible for the construction and the clearing of debris at the Sultan Mizan Stadium in Kuala Terengganu were said to be "unregistered and inexperienced."
(Photo credit: sokernet.com)*



*The Government has yet to reveal the outcome of the investigation into the defective flyover between the Taman Bukit Maluri and FRIM interchange worth RM238 million
(Photo credit: elections.thestar.com.my)*

It is the role and responsibility of the AG's office to pinpoint weaknesses in financial governance and management within each government agency; thereafter, follow-up must be carried out by both the MACC and the PAC if there are evidences of wrongdoing.

What is particularly appalling in the eyes of the public is that, while the AG's office had time and again clearly identified the possible abuses of public funds, these are not being addressed immediately or the entire episode is conveniently forgotten after some time. Half-hearted actions and sometimes inaction to take remedial measures remains a serious concern to us and the public.

TI-M can cite several examples. The collapse of the newly-completed Sultan Mizan Stadium in Kuala Terengganu in 2009 also deserves further investigation, as the Dewan Rakyat was recently told that both contractors responsible for the construction of the stadium and the clearing of the debris were said to be "unregistered and inexperienced."

To date, investigation into the way how the tender had been given has yet to be conducted to determine how inexperienced contractors were given the job at the expense of those with more experience.

The indelible ink fiasco which cost RM7.1 million, which includes RM200,000 for the transportation of the ink and brushes, should also be investigated by the MACC and PAC, especially after the Election Commission chairman, Tan Sri Abdul Aziz Yusof had since the May 5 Elections established a committee to investigate into the fiasco. No outcome of the EC's investigation has been forthcoming except for further expose by Member of Parliament for Ampang, Rafizi Ramly.

In another project, the Government has yet to reveal the outcome of the investigation into defective 1.7 km flyover between the Taman Bukit Maluri and Forest Research Institute of Malaysia interchange worth a total of RM238 million, known otherwise as Package 11 of the MRR2. Since the issue was first raised in 2004, the public has yet to be informed of the defects of the highway and work is continually being done to the highway.

A recent case involves a 680-metre pedestrian bridge connecting the Medan Tuanku monorail station and the Sultan Ismail LRT station which was launched on July 8. It is not difficult, for example, to engage a professional



*The indelible ink fiasco which cost RM7.1 million should also be investigated by the MACC and PAC
(Photo credit: elections.thestar.com.my)*

Quantity Surveyor to assess the cost of the pedestrian bridge worth RM14.2 million now that it is completed; thereafter, to haul up the respective department heads in the Kuala Lumpur City Hall for further inquiry, if wrongdoing is evident.

It is unfortunate to note that the lackasaidal attitude displayed to take stern corrective action on the rising number of cases in the past has now created a culture of corruption in this country that can only get from bad to worse. The Najib administration should not allow these cases to end up like the RM1 million toilets built in Bandar Menjalara during Ruslin Hassan's tenure as the Datuk Bandar.

Dato' Akhbar Satar, President
Transparency International Malaysia
Dr KM Loi, Secretary- General
Transparency International Malaysia
21 August 2013

TI-Asia Pacific Regional Programme Meeting, Phnom Penh, Cambodia

12 - 14 June
2013



Representatives from TI-AP NCs (back row standing) witnessing the signing of Election Integrity Pledge by six Cambodian political parties (front row seating)

TI-Malaysia (TI-M) was represented by Dr Mark Lovatt (Programme Manager, Business Integrity Programme "BIP") and Mr Joseph Tong (Integrity Officer, BIP). The annual TI-AP RPM presented an opportunity for national chapters (NCs) across the Asia Pacific region to share knowledge and address common issues.



Some highlights of the meeting were:

Election Integrity Pledge for clean and fair elections

Mr Rath Pohoan (Chairman of TI Cambodia) and Mr Kol Preap (Executive Director of TI Cambodia) gave opening remarks to welcome the participants. Their speeches were followed by Mr Srirak Plipat, Regional Director of TI Asia Pacific Department (TI-APD), who provided an update on the key initiatives/programmes being carried over the past year. In conjunction with TI's 20th anniversary, NC representatives shared the extent of social transformation that this global movement has initiated over the past 20 years. In addition to that, TI



Participants listening attentively to the speaker

representatives also witnessed the signing of an Election Integrity Pledge by six Cambodian political parties. The ruling party, the Cambodian People's Party, and the Cambodian Nationality Party did not participate in the signing.

Future initiatives...how will we do it?

The meeting focused on four future initiatives proposed by TI-APD, as below:

- Development of an Anti-Corruption Agency Index with the aim of measuring the performance of anti-corruption agencies across the world in an objective manner using qualitative and quantitative data
- Establishment of a regional knowledge hub in Singapore to foster a dynamic learning culture and develop innovative curriculum which focuses on leadership, good governance, transparency and integrity
- Creation of an AP-Pact to promote accountability, integrity and transparency in public-private sector and private-private agreements.
- Formation of an Asia Pacific Youth Community which enable NCs to promote the implementation of Youth Integrity Surveys as well as other youth advocacy and leadership programmes that emphasises integrity

Apart from discussing these four key initiatives, several small programme-focused sessions were also organised to allow participants to better understand programmes undertaken in the Asia Pacific region. These sessions included:

- Business Integrity Programme
- Mining Network Initiative
- Public Sector Integrity Programm
- Legal Reform Initiative

"No Impunity Initiative" – no one is above the law

The focus of the final day was the "No Impunity Initiative", which was aimed at contributing to more effective prevention, detection, exposure and investigation of corruption cases, and sanctioning of the corrupt. The main focus of this initiative was to hold perpetrators of corruption accountable for their actions regardless of their status and locality. Five long term results (LTR) were identified:

- The international community closes structural loopholes allowing for impunity of the corrupt, and effectively sanctions the perpetrators
- Law enforcement and judicial authorities effectively investigate, prosecute and try corruption cases
- People actively use social and political sanction against the corrupt enjoying impunity
- Executive and independent bodies with sanctioning powers investigate corruption cases and adequately sanction perpetrators
- Political, business and not-for-profit organisations internally monitor and sanction their leaders, staff and members involved in corruption

Integrity Systems For Companies:

One of the most interesting parts of doing an integrity system is the opportunity to work with a company to get "under the bonnet" and see how a business operates on a day-to-day basis. Often, companies are initially reluctant to talk to us, thinking that a discussion with TI Malaysia is an indicator that something is wrong. In that sense it is akin to a visit to the doctor: why go when you are in perfect health?

The reality, though, is that much of the work we do is like a regular health check, working with the client to look at vital signs, and run some routine checks to identify where some improvement might be needed and provide ideas on how to make sure the organisation stays in good shape. Corruption is

very much like a disease: once it takes root can do great harm, so the best option is to nip any problems in the bud before they have a chance to develop. Once it becomes endemic, it can be very expensive for a company to deal with. For example, corruption in the procurement department can cost millions of dollars in overpriced contracts, poorly delivered goods and services, and **damage** to the organisation's morale when people have to work with substandard equipment, poorly serviced with no customer support. A company's reputation can also be severely damaged when corruption comes to light in the public realm.



Drawing on TI's worldwide anti-corruption expertise, our wholly-owned consultancy TI BIP Malaysia Sdn Bhd works with the company's risk management department, audit team or (in some cases) integrity department to run a best-practice health check on an organisation. Similar to doctors working the medical field, through our training and experience we can identify risk areas where the company might want to strengthen its **governance** or procedures to safeguard its operations against the endlessly creative ways people find to exploit the systems they work with.

We find it intriguing to run these checks as, like people, no two companies are the same and the challenges vary from business to business and industry to industry. What we find is that some companies have strong systems in place and are now looking to benchmark what they have and take it to the next level. For these, we can run a profile exercise to identify new areas to target, and provide the tools to develop their system further.

Other companies have a strong integrity-based culture but very little by way of formalised policies, procedures and other "integrity infrastructure". For these, we can help them design and install the system which will safeguard what they already have and grow further.

Still others have significant challenges to face, and these are often both the most challenging and the most interesting. This is where TI BIP can bring our expertise to bear and have the most impact. Quite often from the outside it is difficult to tell which company falls into which bracket, but with experience across the whole range we can quickly identify the challenge areas and design the **best programme to suit the company**.

The end result is what we all want to see: clean companies, operating efficiently and most of all free of the damage done by corruption.

For more information on how the Business Integrity Program works and what we may be able to do for your business, please contact Programme Manager Dr Mark Lovatt at mark.lovatt@transparency.org.my or call us on 03-7960 6630.

Recognition

The following companies are practising a "No Gifts Policy":

- Syarikat Prasarana Negara Berhad
- Petronas
- PKNS
- Malaysia Airports Holding Berhad
- Uni Asia General Insurance Berhad
- EPF
- Top Glove Corporation Bhd



Syabas to these companies.

