

REFSA Quarterly is a newsletter to update our generous donors on our activities and achievements.

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Q U A R T E R L Y

THE *ETP* ISSUE

REFSA's revelations on Malaysia's economic transformation programme

PEMANDU explains: "How did the 1000-Person Workshop determine which NKEAs to focus on?"

Sectoral analysis reclassified and filtered 32 broad sectors. The projected GNI of each of these sectors were determined based on 3 sources. **Findings from sectoral analysis were syndicated with top leaders in the public and private sector [...] in a one-day 1,000-Person Workshop.** Participants were briefed on the overall objectives and approach towards the ETP and provided with a fact pack of the initial sector assessments across the 20 sectors.

Attendees were then broken up into 20 working groups. Each group was asked to agree on a growth projection for the sector, drawing on the fact pack and their industry knowledge and expertise. The groups then reassembled in a plenary session in which the **NKEAs were chosen** based on the projected incremental economic growth to 2020.

*Details at "Your Questions Answered: Choosing the NKEAs". Available in <http://etpblog.pemandu.gov.my/posts/2012/03/02/your-questions-answered-choosing-the-nkeas-2/> Retrieved 6 March 2012.

PEMANDU'S ONE-DAY, 1000-PERSON WORKSHOP

A case of the death of innovation?



Let's do some math: 1000 people ÷ 20 groups = **50 participants per group**

If 1 person provides feedback for just 1 minute on 1 topic, nearly 1 hour will be gone!

Is there enough time in one day for 1000 persons to explore the full insights for a wise and informed selection of an NKEA?

**WHY
THIS IS
WORRYING**

Will the 'cangkul-ready' projects of big corporations (usually armed with vocal lobbyists) overshadow truly transformative ideas from smaller start-ups in such a hot-house environment?

EDITOR'S NOTE

It is hard to believe that the refreshed REFSA is only a year old. We started putting the new foundations in place in April last year, and publicly kicked off in August with our Focus Paper on crime and police deployment. We gained so much momentum that it took 12 pages to summarise our work in the inaugural issue of REFSA Quarterly in January 2012.

We have since doubled our efforts. This issue, which we dub "The ETP Issue", is a substantial 24 pages. REFSA has put out a comprehensive evaluation of the Economic Transformation Programme (ETP) which promises a high-income Malaysia by 2020.

Most shockingly, we recently uncovered outright lies and glaring errors, one of which was a 45% slash in the incremental gross national income (GNI) that the ETP promised.

Between the frequent engagements with PEMANDU, our other work here at REFSA and our limited resources, the team decided to defer the publication of this 'Quarterly'. Its name is now something of a misnomer but changing it would mean more bureaucratic entanglement which we would rather avoid.

Do send us a donation if you find our work useful. PEMANDU spent RM150,000 per day on just one (among many) consultants and came up with the questionable ETP. REFSA needs just RM20,000 per month. It's a long way to a level playing field, but help us tilt it back a little! See page 22 for more on our Donations campaign.

We wish you an enlightening read. Check out www.refsa.org for more!

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“If you think you are too **small** to make a difference, try sleeping in a closed room with a **mosquito**.”

- African Proverb

Dissecting the Glory

The ETP Annual Report 2011 has been nothing short of rhapsodic. REFSA dived under its glittery surface and found some buried skeletons.

Pg 14 to 15

It Does Not Compute!

PEMANDU's target of a high-income Malaysia by 2020 - promise or placebo? REFSA's *Critique of the ETP* series evaluates PEMANDU on its own terms and discovered dodgy data and questionable decisions.

Pg 4, 6, and 8

True north; South-bound

Is PEMANDU's 'true north' taking our economy south? REFSA's vibrant infographic illustrates PEMANDU's illogical calculation of GNI using linear projection.

Pg 12 to 13

Why Shoot the Messenger?

We clarify our independent stand, and ask our critics to focus on the message, not the messenger.

Pg 10

THE ETP ISSUE

The Economic Transformation Programme (ETP) is a roadmap to transform Malaysia into a high-income nation by 2020, steered by the government agency Performance Management and Delivery Unit (PEMANDU).

Poison or Ginseng?

Are internal party disagreements really as big a taboo as the mainstream media depicts? Is friction between comrades actually healthy?

Pg 18

Dr Do-Little?

How much has our Prime Minister's wife, (Dr) Rosmah really done to deserve the doctorate awarded by Curtin University?

Pg 19

The Secret Six Feet Under

Over half of deaths in police custody are not investigated. What went wrong?

Pg 19

We have engaged with the REFSA Institute on a number of occasions over the course of the last five months. All these efforts have come to naught.

– PEMANDU in *PEMANDU defends targets, says using World Bank numbers as benchmark*, The Malaysian Insider, 1 June 2012

REFSA'S RIGHT TO QUESTION

We have often acknowledged PEMANDU's responses. However, PEMANDU's 'engagement' does not dissolve our right to dispute their questionable claims and practices. Indeed, **some answers from PEMANDU have raised even more doubts**. One example:

Following REFSA's comments, PEMANDU issued two different statements with two different GNI per capita targets

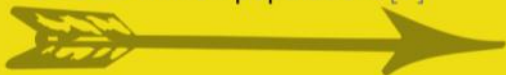
Statement 1 (May 25)

ETP's Communications senior analyst Marc Fong said ETP's 'true north' is **US\$15,000 GNI per capita** in 2020. [6]



Statement 2 (June 1)

PEMANDU said its total GNI target is US\$523 billion. This works out to **US\$16,550 per capita** based on 31.6 million population. [7]



BUT!

ETP Roadmap Report (Exhibit 2-3) targets RM1,733 billion total GNI by 2020 = **US\$17,138 GNI per capita** (based on RM3.20: US\$1 exchange rate). [8]

WHICH IS THE
REAL GNI
TARGET?

CAN WE AIM IF WE
DON'T EVEN KNOW
OUR TARGET?

REFSA'S RECOMMENDED REMEDY

Do

be transparent and clear with targets and data.
be honest about achievements and failings.

Don't

obfuscate.
shoot the messenger.
Focus on why the ETP is being criticised instead.



Designed by Foong Li Mei
Pen wielder & media musketeer
www.refsa.org

Get the **complete infographic** at **www.refsa.org**!

A CRITIQUE OF THE ETP

19 Jan 2012

Part 1: Let's evaluate PEMANDU on its DEEDS

By: Teh Chi-Chang & Dr Ong Kian Ming

We assess PEMANDU and the ETP on the goals, plans and targets stated in the ETP Roadmap document. Doing so facilitates constructive discourse with the framework which PEMANDU has chosen. In keeping with the spirit of the alphabet soup of NKEAs, NKRAs, SRIs, EPPs, and GNI surrounding the entire GTP, we evaluate PEMANDU and the ETP on its **DEEDS**:

- D**ata transparency and integrity;
- E**xecution – progress or lack thereof on announced EPPs;
- E**nterprise – the success in stimulating private investment;
- D**iversity – the spread of the 12 NKEAs; and
- S**ocio-economic impact – who benefits the most will be our concern.

WHAT IS ETP?

The Economic Transformation Programme (ETP) is an ambitious plan to **double** national income by 2020

THE ACRONYMS CRASH COURSE

EPPs

131 Entry Point Projects

NKEAs

12 National Key Economic Areas

PEMANDU

Performance Management & Delivery Unit, the government agency which spearheads the ETP

GNI

RM800 billion of additional Gross National Income by 2020

SRIs

6 Strategic Reform Initiatives

Read the **full Focus Paper** at www.refsa.org for a background of the ETP universe.

25 Jan 2012

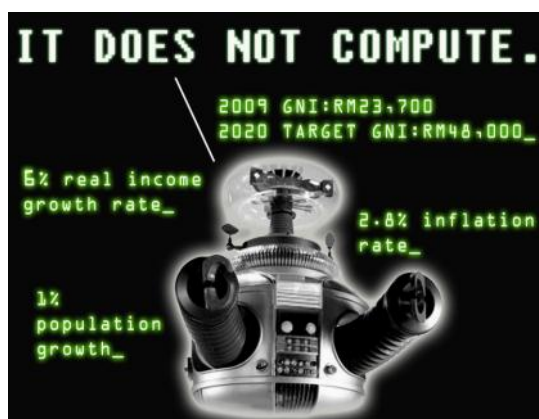
Part 2: Data - We won't really be twice as rich in 2020

By: Teh Chi-Chang & Dr Ong Kian Ming

FEATURED!
The Malaysian Insider,
Free Malaysia Today

We declared, "It does not compute!" PEMANDU's target is to double nominal income per capita to RM48,000 by 2020. But using its forecasts for income and population growth, and inflation, the target should be RM54,145, not RM48,000. Can this 'roadmap to transformation' be trusted when even the basic math is wrong?

Full focus paper: www.refsa.org



PEMANDU based its target on nominal income

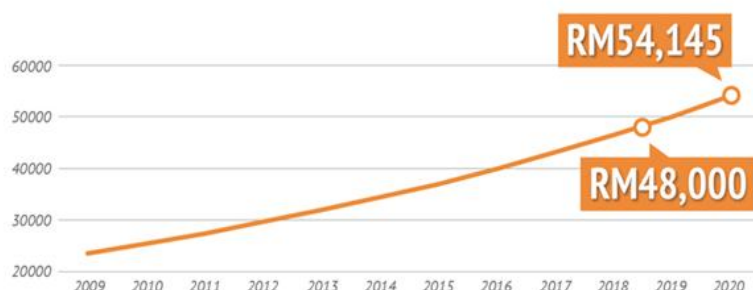


* With inflation hitting every year, RM48,000 in 2020 will buy a lot less than RM48,000 today

Key Takeaway: It is REAL income that matters

...and PEMANDU even mixed up its own target

PEMANDU forecast nominal GNI per capita growth of **7.8%** per year, 'which means the target should be RM54,145 by 2020



Which figure is the actual target that PEMANDU is working towards for 2020?

Key Takeaway: Both target & forecast can't be correct at the same time

We encourage REFSA to provide concrete solutions and alternatives to the very real challenge of transforming the country's economy instead of their current overt focus on criticisms.

- PEMANDU in *Focusing on our true north*, The Malaysian Insider, 1 June 2012

REFSA's ethos is to be constructive.

Our Focus Papers on the ETP include whole sections of suggestions on what PEMANDU can do. PEMANDU's comments however, suggest that that it did not detect our proposed solutions. This prompts REFSA to ask:

PEMANDU S E V E N LISTENING?

AMONG OUR SUGGESTIONS WERE:



Disclose key parameters of each EPP [1]

- investment in the project
- category of project (public, GLC, private investment, or mixture?)
- total public investment required
- GNI contribution
- Number of jobs created

Explain how it was able to 'facilitate' implementation of pre-existing projects (eg. St Regis KL), and how this translates to long-term policy changes. [2]

Detailed progress update on each EPP to back up PEMANDU's impressive headline numbers. [3]

Be transparent about which EPPs are facing difficulties. Contribution of troubled EPPs to investment, GNI and jobs created should be stated clearly so that these shortfalls can be addressed. [4]

HONESTY



Publicly acknowledge that RM48,000 target gross national income (GNI) by 2020 is not real income. [1]

Correct the math.

PEMANDU's RM48,000 GNI target does not tally with its growth and inflation assumptions. [1]



TRANSPARENCY

Be willing to oust EPPs from the ETP if subsequent analysis or events render them economically unsound. [3]



ADAPTABILITY

Be ready to exclude investment, incremental GNI and job figures from EPPs which cannot be executed. [3]



A CRITIQUE OF THE ETP

Part 3: Execution (3 parts)

By: Teh Chi-Chang & Dr Ong Kian Ming

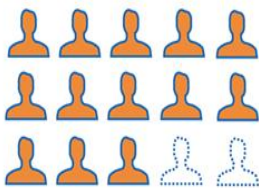
FEATURED!

The Malaysian Insider, Malaysiakini

Questionable Entry Point Projects

Karambunai Integrated Resort City (Karambunai IR) investment cost had increased more than **300%** in the span of **6 months**

RM3 billion Early Oct 2010
RM6.7 billion Mid Oct 2010
RM9.6 billion April 2011



With the new price tag, it needs **2.8 million** visitors each year just to break even

But in 2011, there are only **2.5 million** arrivals in Kota Kinabalu airport

Key Takeaway: PEMANDU's due diligence process for selecting EPPs is questionable. So are the massive total investments that PEMANDU claims to have achieved

Part 3(i), *PEMANDU strengthens the 'know-who' cancer*, focuses on PEMANDU's practice of taking credit for pre-existing projects and its role in cutting red tape.

PEMANDU is institutionalising the role of middle-man if it cuts red tape only for EPPs. Malaysian innovation, creativity and productivity will continue to lag if long-term policy changes are not made.

It does not matter *how* good your product or idea is or how efficiently you can make it; it depends on *who* you know to get it through the system.

Part 3 (ii), *The hothouse labs probably killed innovation* posits that large companies naturally dominate the vaunted 'labs' that chose the EPPs.

Also, the tight 8-week time frame to research best practices, distil them and support them with detailed analysis would have driven participants to select EPPs for which re-

search was already ready, rather than pursue genuinely transformative alternatives.

Part 3 (iii), *Doubtful EPPs; doubtful achievements and due diligence* says the selection of projects with very little hope of success as EPPs raises serious doubts about the due diligence process at PEMANDU.

The RM10 billion Karambunai Integrated Resort needs 2.8 million visitors per year to break even – more than all the travellers arriving at Kota Kinabalu airport!

The multi-billion ringgit plan to transform Tanjong Agas from a fishing village to a petrochemical hub has REFSA aghast. It creates redundant infrastructure, and goes against the government's own master plan identifying the already established Kertih and Gebeng as the focus areas for such activities in the Eastern Corridor Economic Region (ECER).

Full focus papers: www.refsa.org

16 Feb 2012

Part 4: Enterprise - Private enterprises are rejecting the ETP

By: Teh Chi-Chang & Dr Ong Kian Ming

The private sector makes up only 35% of the total investments in EPPs, far below the 60% that PEMANDU says is required to take Malaysia to high-income status by 2020. It is understandable that priority is given to government-led, big-ticket infrastructure projects in the early days of the ETP.

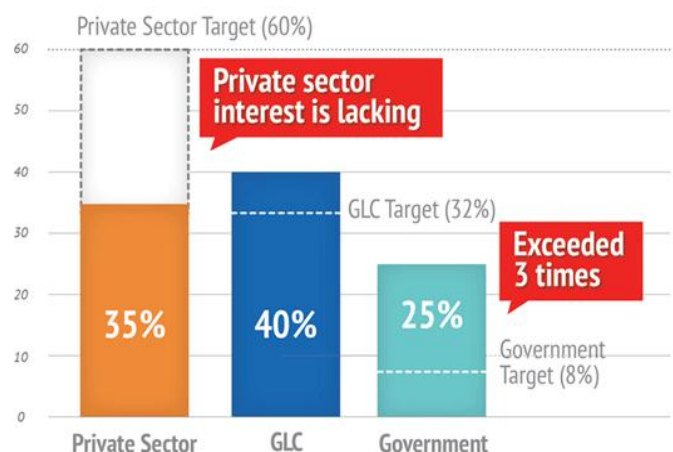
However, PEMANDU's attempt to paint a rosier picture by citing figures that exclude large public sector projects like the MRT draws suspicion that something is amiss. REFSA debunks PEMANDU's selective figures with a simple cake analogy and some telling numbers.

Full focus paper: www.refsa.org

FEATURED!

The Malaysian Insider

Current ETP Investment Ratio



Karambunai Integrated Resort



Is PEMANDU saddled with a 'dud' project?

In just 6 months, investment cost for this project in Sabah soared from RM3 bil to RM10 bil.

Taxpayer funding also ballooned 6 fold:

RM100 mil

↓
RM600 mil *

Why did the investment amount balloon?

PEMANDU said (1): "The size of an investment is **determined solely by the private sector**; to influence this would be interfering with the free market." #

REFSA counters

As long as public funds make up part of the investment, PEMANDU is duty-bound to answer to taxpayers:

Why are we paying 6 times more within just 6 months?



How did the private sector justify the escalating costs?

It is reasonable for the size of the investment to be "determined solely by the private sector" only if the private sector is the sole investor.

PEMANDU said (2): "There were **multiple safeguards and filters** in the labs to ensure that projections were responsibly calculated. and the project owners subsequently hired KPMG to firm up the business proposal." #

REFSA counters

Did the 'safeguards and filters' in PEMANDU's labs consider that Karambunai IR would need to entertain:



2.8 mil visitors per year



To cover its basic costs

BUT

This is more than the

2.5 mil passengers

arriving at Kota Kinabalu Airport per year! *

BEAR IN MIND

REFSA's analysis was based on **very optimistic assumptions** - that the resort is able to attract an **exceptionally large crowd** who are also **very big spenders**. *



STRAIGHT ANSWERS NEEDED

KPMG was working for Karambunai, not taxpayers. Who scrutinised the inflated numbers on behalf of taxpayers?

Analysts besides REFSA's own have also expressed concerns on Karambunai's viability. We welcome PEMANDU's insights on where our analysis is wrong.

Key assumptions must be made public so that complementary plans can be made. Should the airport be expanded? Do roads need to be widened?

* Detailed calculations available in our focus paper "Critique of the ETP Part 3(iii): Doubtful EPPs; doubtful achievements and due diligence" at www.refsa.org

"Your Questions Answered: Financial Services and Karambunai City Resort". Available at <http://etpblog.pemandu.gov.my/posts/2012/03/05/your-questions-answered-financial-services-and-karambunai-city-resort/> Retrieved 6 March 2012.

A CRITIQUE OF THE ETP

29 Feb 2012

Part 5: Distribution - The ETP so far is just a handful of mega-projects

By: Teh Chi-Chang & Dr Ong Kian Ming

131 EPPs across 12 NKEAs are supposed to take us to high-income status. But two mega-projects – the MRT and Petronas RAPID project – account for more than half the apparently impressive RM176 billion of investments achieved in the first year of the ETP.

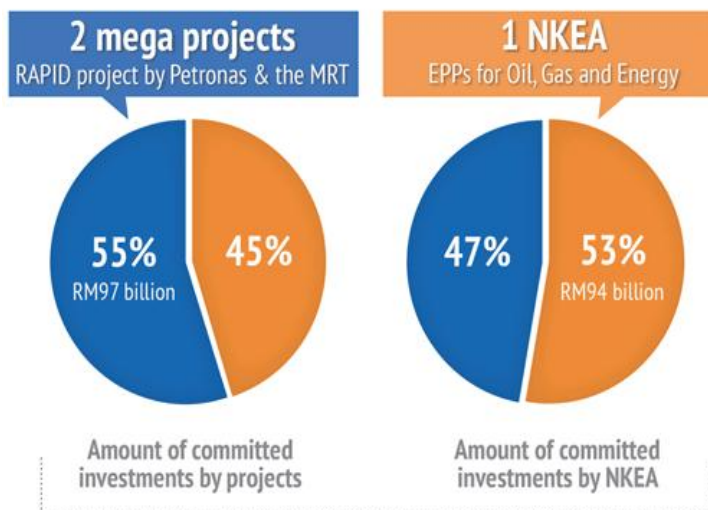
The Oil, Gas & Energy NKEA dominates. There has been zero progress in Financial Services, which is crucial to high-income and the Palm Oil, Agriculture and Business Services NKEAs also languish. Broad-based transformation is not happening. Not yet.

FEATURED!
The Malaysian Insider



ETP has made zero headway in Financial Services

The spread of the 114 EPPs and RM176 billion of committed investments achieved so far is **POOR**



There is not a single EPP in Financial Services NKEA!

Key Takeaway: PEMANDU now has the task of catching up on EPPs in other NKEAs besides Oil, Gas & Energy

Full focus paper: www.refsa.org

7 Mar 2012

Part 6: Socio-Economic - The ETP will make the rich even richer

By: Teh Chi-Chang & Dr Ong Kian Ming

FEATURED!
The Malaysian Insider,
Free Malaysia Today

If PEMANDU indeed delivers on its ETP goals, entrepreneurs and capitalists will be the big winners.

Wage-earners will get only 21% of the additional RM800 million gross national income (GNI) the ETP promises to create. This is less than the 28% share they get today, and will take us even further away from the 50% norm in high-income countries.

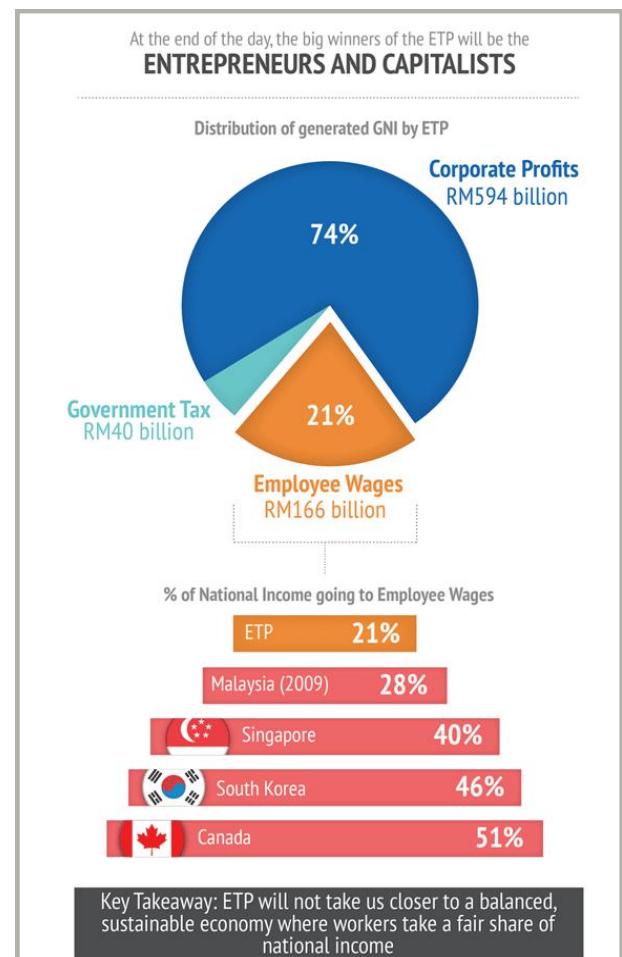
We believe corporations

are entitled to profits, but a sustainable high-income nation needs a vibrant middle-class to sustain private consumption. The ETP fares poorly here. The small share to wage-earners will be unevenly distributed – the top 15% of employees will take 40% of all wages.

Conversely, at the bottom end, the ETP will need at least another 2 million low-paid foreign workers, which will double the number we have today.

It's the bosses who will be the big winners under the ETP.

Full focus paper: www.refsa.org



Is PEMANDU strengthening the KNOW-WHO CANCER?

In our Critique of the ETP Part 3 (i), we questioned:

Some EPPs like St Regis Hotel pre-dated the ETP, and its completion date remained unchanged. What is PEMANDU's input then?

PEMANDU may argue that without its help, the projects would have been delayed. Does that mean PEMANDU cuts red tape for the 'winners' it chooses?



PEMANDU's reply was just as we predicted:

"[...] To suggest that Pemandu has had no impact on projects just because its date of completion has not been brought forward is ludicrous at best. [...]"

One IFC, which is responsible for the project, had an agreement with St Regis, which was at risk to expire should the project not be completed by 2014. Over the course of getting approvals, One IFC was required to **adhere to several policy requirements** imposed by the Ministry of Federal Territories. Amongst these was the **Green Building Index (GBI) requirement** which was imposed during the Building Permit approval stage. To conform to the GBI Gold standard, **significant changes** to the design were needed and a re-application of permits had to be done, risking further delays.

PEMANDU was asked to step in to facilitate a solution that satisfied all parties. Upon syndication between representatives from One IFC and the GBI Accreditation Panel (GBIAP), it was determined that GBIAP had yet to calibrate its tool to account for Luxury Hotels within a tropical environment. **As such GBIAP, with full cooperation from One IFC to ensure that the project, will have enough environmental features to be certified by the GBI.** So while there was no speeding up of the project timelines, **PEMANDU's assistance brought the project timelines back on track.**"*

This presents a frightening picture:

Did PEMANDU facilitate the approval by suggesting more relaxed standards for green-building guidelines?

St Regis is owned by a GLC and a prominent local businessman. Is PEMANDU saying that even they need PEMANDU's help to cut red-tape?

Where does that leave ordinary Malaysian entrepreneurs?



WHAT CAN PEMANDU DO?

To be truly transformative

PEMANDU must make it a primary goal to cut red tape on a permanent basis, rather than case-by-case, so it does not come back to stifle other entrepreneurs.

Transparency needed

Who provides the checks and balances for PEMANDU's facilitation process? Will it 'enable' projects that did not meet necessary guidelines, just to deliver the 'big results fast' promises?

*"Your Questions Answered: Projects, Targets & Transparency of Data". Available in <http://etpblog.pemandu.gov.my/posts/2012/02/27/your-questions-answered-projects-targets-and-transparency-of-data/> Retrieved 6 March 2012.

16 Mar 2012

Focus On The Message, Not the Messenger

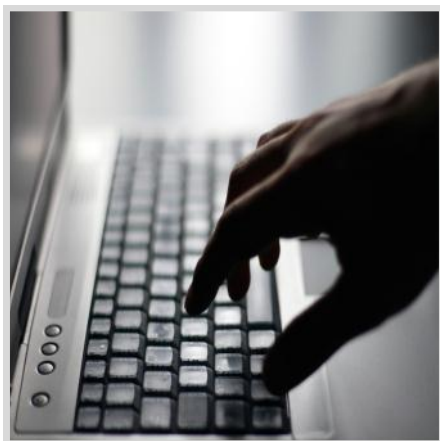
REFSA clarifies its non-partisan stand.

A flood of questions on REFSA's non-partisan stance has emerged following our Critique of the ETP (Economic Transformation Programme) series.

We expected the doubts on our independence. After all, other than unveiling the dodgy data and questionable directions of the much-glorified ETP, our past analyses have also pointed out weaknesses in other federal government policies. This has 'earned' us the label of being political puppets of the Pakatan Rakyat federal opposition coalition.

REFSA welcomes constructive de-tractions from our analysis. It is, however, the distractions that we are wary of. If one has raised a valid and factual point, is his or her political motivation (or the lack thereof) relevant? Mature citizens who genuinely seek constructive discourse would focus on the message, not the messenger.

It is also alleged we pander to Pakatan Rakyat because we did not evaluate their policies. We have compared and contrasted the federal government Budget and Pakatan's Shadow Budget, and also Penang's open tender policy. The Focus Papers and powerpoint presentation are on our website.



That said, it is a fallacy to assume one's partiality simply by what one does not criticise. REFSA's re-

sources are constrained. Therefore, we deploy most of them to where we can have the biggest impact – the federal government. The RM230 billion federal government budget far surpasses the budgets of Pakatan-led states such as Penang (RM900 million) and Selangor (RM1.3 billion).

If focusing on the federal budget can lead to a 1% improvement in how it is spent, that works out to RM2.3 billion – more than the entire state budget of Selangor and over two times the state budget of Penang.

We at REFSA regret our inability to spare resources to analyse every area demanded. However, we strongly encourage individuals or groups to take the initiative to research any subject of great importance to them – for example, the Buku Jingga which REFSA has been pressured by our critics to evaluate.

Nevertheless, we understand that our Chairman Tunku Abdul Aziz's association with DAP may cast uncertainty on our non-partisan stand. Our board of trustees indeed consists of DAP members.

But here's another fact: REFSA's projects and undertakings are led by our executive director Teh Chi-Chang, with no intervention from the board. The board has never interfered with REFSA's non-partisan ethos. In fact, the professionals running REFSA joined this organisation on the promise that we are given the freedom to pursue independent research for the social advancement of Malaysia.

Should anyone insist on linking REFSA to Pakatan Rakyat based on our trustees' affiliations, please consider this: before joining REFSA, our executive director Teh Chi-Chang was a director of research at Maybank Investment Bank Re-

search, following his tenure as economic advisor to the DAP.

Going by the argument that one's affiliations would influence one's partiality, should Chi-Chang's career history make him biased towards the DAP, or friendly with government-linked companies and the government? Or would his past involvement in both make him the most reliable candidate for neutrality?



At the end of the day, the proof of the pisang goreng is in the eating. Don't take our clarification at face-value; read our research and writings to judge for yourself. If you disagree with our points, we would be happy to hear your counter-reasoning backed by facts and analysis.

PEMANDU, for example, supports its rebuttal to our Critique of the ETP with its side of data and rationale. We thank them for engaging with REFSA and the public to clarify matters.

Nonetheless, REFSA reserves the right to disagree with several of PEMANDU's counter-points. Some called us nit-picking, but we prefer to be analytical towards the justification of a multi-billion economic transformation programme that utilises public funds.

We also find the accusative undertone in the team's replies an unfortunate departure from their usual professionalism.

Continue on Page 17>>

INFOGRAPHIC | What PEMANDU has to say

PEMANDU's responses to REFSA's revelations of ETP weaknesses are marred by inadequate information. All of PEMANDU's replies below can be found on the ETP Blog (<http://etpblog.pemandu.gov.my>).

1 Jun 2012

REFSA is accused of having a differing agenda that "does not allow for fair and reasonable discourse" in *Focussing On Our True North*. PEMANDU further concluded that ongoing debate with us is pointless.

13 Mar 2012

PEMANDU's strongly-worded *Reply to A Critique of the ETP Part 6* lamented REFSA's persistence in twisting facts, as well as how much they have tried to engage with us, but "to no avail".

1 Mar 2012

Dr Emir Mavani, director of the Financial Services NKEA proclaimed that "Bank Negara's Financial Sector Masterplan is very much in sync with the Financial Services NKEA" in his piece *Response to 'ETP: Part 5—The ETP so far is just a handful of mega-projects.'*

24 Feb 2012

We're only at the 4th paper in our series, but PEMANDU has decided to issue *Response to 'A Critique of the ETP'*. PEMANDU's clarification called REFSA's independence a façade, accusing us of "deliberately misinterpreting information".

26 Jan 2012

PEMANDU noted our *A Critique of the ETP (Part 2)*. It disagreed with the points we raised, but said it would be waiting for the 6-part series to complete before producing a "a full and robust rebuttal".

15 & 16 Jan 2012

Upon learning that REFSA was writing an evaluation of the ETP, PEMANDU kindly arranged interviews with a few of its directors.

22 Jun 2012

Interestingly, PEMANDU was compelled to dispute us again, despite deeming it "pointless". This time, we're chastised for nit-picking in *Clarification by PEMANDU to statements made by REFSA "Dissecting the ETP Annual Report (Part 3)" published on 21 June 2012*.

REFSA'S TAKE

PEMANDU's public responses and 'engagement' does not dissolve our right to rebut its questionable claims. See infographic on Pg 3.

REFSA'S TAKE

Dr Emir Mavani's lengthy piece failed to answer why the KL International Financial District enabler is not featured at all in the Bank Negara Financial Services Blueprint while the Labuan International Business and Financial Centre (Labuan IBFC) is mentioned 25 times in the Blueprint. If the KLIFD is as important an enabler as PEMANDU makes it out to be, shouldn't it be featured at least once in Bank Negara's official document which outlines the financial services landscape for the next 10 years?

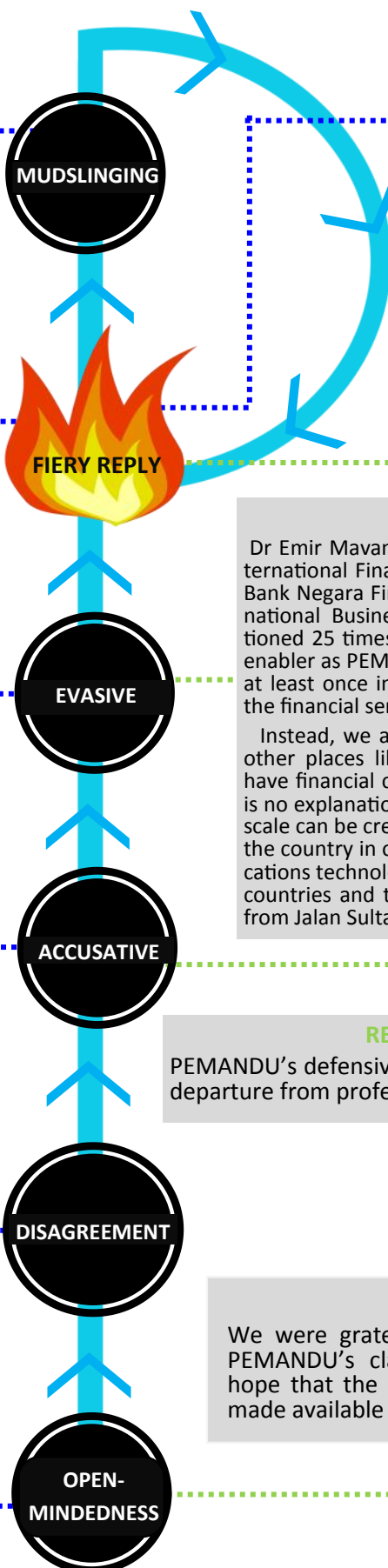
Instead, we are left with a reply which says that just because other places like New York, Hong Kong, Singapore and Dubai have financial centers, that KL needs to have one as well. There is no explanation as to what kinds of synergies and economies of scale can be created by locating the major financial institutions in the country in one vicinity in KL in a day and age when communications technology allow people to communicate across different countries and time zones. Furthermore, it's not that far by cab from Jalan Sultan Ismail to Jalan Ampang, no?

REFSA'S TAKE

PEMANDU's defensive undertone is an unfortunate departure from professional conduct.

REFSA'S TAKE

We were grateful for the interviews and included PEMANDU's clarifications in our analysis. We also hope that the recordings of the interviews could be made available for public access.



FEATURED!
Selangor Times

IS PEMANDU'S 'TRUE NORTH' TAKING OUR ECONOMY SOUTH?

Using a **linear approach** from 2009 GNI (US\$188 bil) to 2020 GNI (US\$523 bil)

2011 GNI would need to be US\$218.5 billion*

PEMANDU concluded

Source: Focussing on our true north - PEMANDU, The Malaysian Insider, 1 June 2012

* PEMANDU mistakenly cited this number and has subsequently corrected it to US\$248.9 billion in its ETP blog following feedback from author Ong Kian Ming. However, the figure in The Malaysian Insider article has not been amended.

CONFUSED? Let us take it apart for you.

..... **LINEAR APPROACH**

TARGET GNI GROWS BY THE SAME ABSOLUTE AMOUNT EVERY YEAR

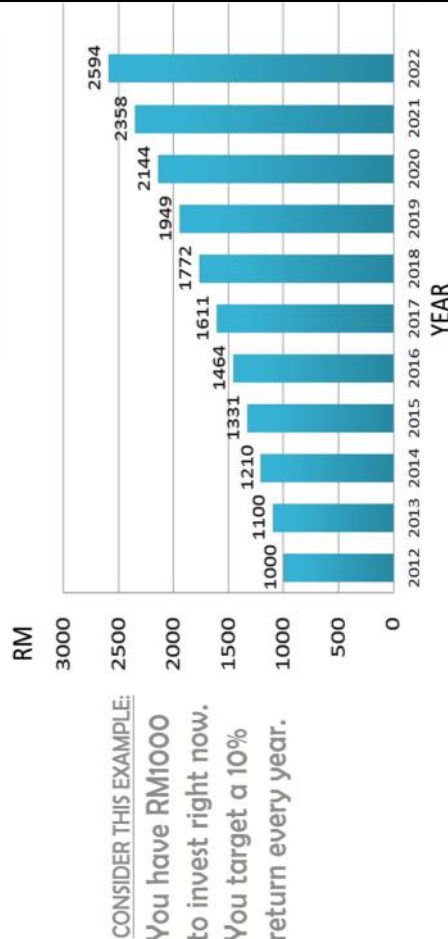
PEMANDU is targeting GNI to grow from US\$188b in 2009 to US\$523b in 2020.

This requires GNI to grow by US\$335b in 11 years.

$$\frac{\text{US\$335b}}{11} = \text{US\$30.5b per year.}$$

UNFORTUNATELY

THE LINEAR PROJECTION METHODOLOGY DEFINES ECONOMIC LOGIC



Notice that in 2013, you earn RM100 return on your investment (10% of RM1000 in 2012). In 2014, you earn RM110 return on your investment (10% of RM1100 in 2013). And so on.

This is known as **compounding the investments**.

i.e. earn interest payments on the interest payments that you received earlier



Thanks to the compounding phenomenon, you will have RM2594 in year 2022, which is RM1594 more than 10 years ago.

However, if you employ the: **LINEAR PROJECTION METHODOLOGY**

Bear in mind that growth must be the same absolute amount every year

RM1594 / 10 years = RM 159.40 per year

Thus, a **linear projection** would assume that the returns will be RM159.40 every year.



HOW IS THIS A PROBLEM?

In the first year, we earn RM159.40 on our RM1,000 base -

a growth rate of 15.94%!



In the 2nd year, we earn RM 159.40, on a base of RM 1,159.40 -

a growth rate of 13.75%.



As we consistently earn RM 159.40 every year, but off a higher and higher base, the growth rate becomes lower and lower.

This doesn't sound sensible at all from an economic transformation perspective.

A truly transformative economic plan should bring about more growth in the later years. For example, the early years of ETP is spent to kickstart EPPs, which should spur more economic activities such as job opportunities, connectivity and etc in the future.



The ETP is supposed to be a marathon that transforms the nation.

BUT

PEMANDU's linear approach in projecting the GNI is like injecting a boost of adrenaline into runners - so that they can have a fast start. But after that, their performance dwindles.

Q Why does it matter if PEMANDU uses linear projection instead of constant percentage growth rate? We achieve the target of US\$523 billion by Year 2020 anyway.

A Because Malaysia is not going to 'close shop' after 2020! A transformative target calculated based on realistic methodology will sustain our high-income-economy status.



In the long run, the difference in growth rate between linear growth and constant percentage growth is even more apparent. We use the RM1000 investment example to illustrate:



REFSA STRONGLY RECOMMENDS

PEMANDU to correct their GNI projection using a constant percentage growth rate of 6% per year, instead of an absolute, linear amount.

This will set a transformative target to grow every year from the previous year's achievements, at a steady rate.



W W W . r e f s a . o r g

Calculations & Analysis by
Teh Chi-Chang - Executive Director
Dr Ong Kian Ming - Visiting contributor
Designed by
Foong Li Mei - Pen wielder & media musketeer

Current series: DISSECTING THE ETP ANNUAL REPORT

1 Jun 2012

Part 1: Grade A+ for Obfuscation!

By: Teh Chi-Chang & Dr Ong Kian Ming



Top marks for befuddling even highly-qualified Malaysians.

PEMANDU released its annual report last month to an expected chorus of praise. An economist at a leading financial institution gushed that the ETP deserves an 'A' for transformation.

Our analysis however, finds that pretentious words and slick presentations, protestations of dil-

igence and toil and selective representation of data obscure the true picture.

Real GNI grew only 4.7% last year.

This is well below the 6% per year growth rate called upon for the duration of the ETP. *Nominal* GNI growth, which includes inflation, was 12.3%.

But inflation does nothing for our *real* quality of life, and it is only because inflation was higher than expected that the *nominal* GNI growth rate hit double-digits.

PEMANDU's GNI 'target' is questionable.

PEMANDU claims it has outperformed as GNI last year exceeded its RM797 billion target. Strangely enough, this 'target' was declared only *after* the actual data was already out.

Furthermore, the target was exceptionally low. As far back as Oct

FEATURED!

The Malaysian Insider,
Selangor Times

2010, the Ministry of Finance was already projecting RM811 billion GNI.

It is easy to exceed targets when they are low, and only declared after the fact. No real value is added, though.

Scoring is easy when you can shift the goalposts.

The subterfuge by PEMANDU includes attempting to steal credit for 2010 economic growth, conflating GDP with GNI and using exchange rate movements to amplify performance. And these are just on the subject of headline economic performance. We shall uncover more ruses as we delve into the execution details.

Full focus paper: www.refsa.org

8 Jun 2012

Part 2: The Mystery of the Disappearing Entry Point Projects (EPPs)

By: Teh Chi-Chang & Dr Ong Kian Ming

FEATURED!

The Malaysian Insider,
Selangor Times

The investments enigma. PEMANDU in its Annual Report claims that investments by the private sector were well above target last year.

The headline claim may not withstand scrutiny though. Very large entry point projects (EPPs) appear to have faltered. We highlight just three examples here. If they had indeed faltered, which projects stepped up and more than filled their large shoes?

The shifting sands of LFoundry.

PEMANDU gave itself full marks for the completion of construction of this 200 mm wafer fab.

However, very strangely, elsewhere in the Annual Report, a much less significant RM100 million equipment refurbishment project was showcased instead of this RM1.9 billion fab.

The uncharacteristic modesty by PEMANDU led us to do some digging, which confirmed that this lab was never constructed at all, contrary to PEMANDU's claim.

What happened to Damansara City 2 and Marina Island Pangkor?

These two EPPs announced last year were perhaps the most important in the Greater Kuala Lumpur/Klang Valley and Tourism NKEAs. But the ETP Annual Report omits any mention of them, focusing instead on modest 'Heritage Trails' in Kuala Lumpur, and Penang, Klang and Kota Kinabalu as the three ports with the most tour-ism potential.



PEMANDU's chimera of perfection.

Glossing over issues merely results in a growing gap between reality and delusions of grandeur, and the facade will ultimately come crashing down. Rather than prolonging the charade of infallibility, PEMANDU should be frank and confess to problems, and state the remedial steps it took. This may well help others avoid making similar mistakes and adds much more value to Malaysians.

Full focus paper: www.refsa.org

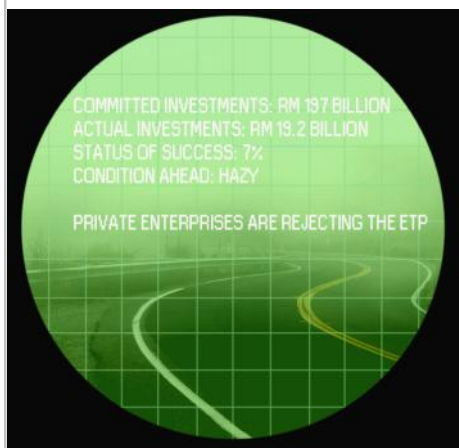
22 Jun 2012

Part 3: It was only RM12.9 bil of ACTUAL investments

By: Teh Chi-Chang & Dr Ong Kian Ming

FEATURED!
The Malaysian Insider,
Selangor Times

It's a long way from 'committed' to 'actual'. PEMANDU trumpets in its Annual Report that the ETP has brought in RM179 billion of investments. What is downplayed is that the RM179 billion is for *committed* investments. *Actual* investments under the ETP were just RM12.9 billion – a mere 7% of the RM179 billion *committed*.



The *committed* investments figure is also doubtful. We found at least five projects worth RM17 billion where the ultimate investments may be less than promised.

For example, PEMANDU took "110%" credit for villa pre-bookings at the RM9.6 billion Karambunai In-

tegrated Resort. But the project developer is being sued for defaulting on RM18 million of rental payments. Does it have the financial capability to deliver the new villas?

PEMANDU is stealing credit again. It said that the RM94 billion worth of private investments in Malaysia last year was "some 113% above our target".

That seriously overstates PEMANDU's performance given that PEMANDU brought in only RM12.9 billion, and that RM12.9 billion includes both private and government investments.

Private enterprises are rejecting the ETP. The private sector is targeted to account for

60% of ETP investments, but so far is contributing only 37% of the total.

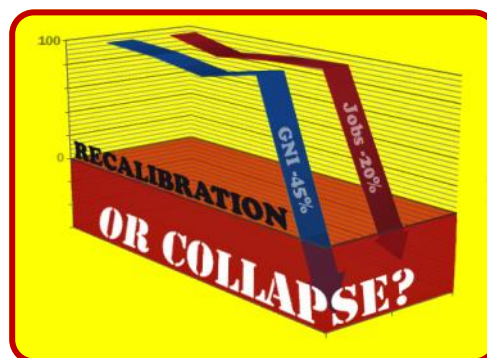
PEMANDU should explain the issues and the remedial measures being taken instead of trotting out misleading statistics and comparisons that pretend that all is well.

Full focus paper: www.refsa.org

6 Jul 2012

Part 4: 45% of GNI and 20% of jobs disappeared in 'recalibration'

By: Teh Chi-Chang & Dr Ong Kian Ming



FEATURED!
The Malaysian Insider,
Selangor Times

'Massive revision' between describes the loss of GNI (Gross National Income) and jobs. In the ETP Annual Report, PEMANDU glossed over the changes when it 'recalibrated' the investments, GNI contributions and job creation numbers of the various entry point projects (EPPs).

But the changes are enormous. RM107.7 billion of GNI and 75,000 jobs equivalent to 45% and 20% of the respective original forecasts were written off.

Did some EPPs fraudulently exaggerate their potential impact? Changes of 5-10% can be accepted as 'recalibration' in the normal course of changing business conditions. But a whopping 45% reduction in GNI contribution means that the original forecast was nearly double the level

that is now considered realistic.

The much-vaunted ETP labs failed. PEMANDU makes much of the 'labs' that chose these EPPs that will supposedly take us to high-income status. But it is now clear that PEMANDU's highly-qualified professionals and expensive consultants failed to detect mammoth discrepancies and exercise sufficient due diligence.

Were these EPPs with exaggerated forecasts chosen instead of other projects which were more realistic and honest?

What remedial action is PEMANDU taking? The lack of explanations and disclosure by PEMANDU on such massive changes is shocking.

What type of jobs disappeared? Which projects severely overstated their contributions? And most importantly, what remedial action is PEMANDU taking to make up for these chasms?

Full focus paper: www.refsa.org

PEMANDU subsequently admitted on 6 July to erroneous assumptions. Read more in *Errors forced ETP Impact revision*, says PEMANDU at www.themalaysianinsider.com.

Straits Times, Singapore 29 Mar 2012

Najib's Grand Plan under Scrutiny

Govt expected to give glowing report card; think-tank questions projections

By: Carolyn Hong, Malaysia Bureau Chief

KUALA LUMPUR: The first report card on Malaysia's ambitious programme to kickstart its economy will be out next week, and the government hopes it will blunt criticisms that the plan is no more than a series of government-funded mega projects.

The report card is produced by the same people who are running the programme, and is likely to be glowing.

The Economic Transformation Programme (ETP) was unveiled in October 2010 and is one of the most important policies of the administration of Prime Minister Najib Razak. He is banking on it to turn around the economy and deliver political support for the ruling Barisan Nasional.

Political analyst Wan Saiful Wan Jan, from the libertarian think-tank Ideas, noted that Datuk Seri Najib forged ahead without buy-in from his Umno party.

'It is, thus, important for him to get it right,' he said.

The economy has become one of the most pressing political issues in recent years as wages stagnate due to the country's over-reliance on low-cost labour.

The ETP aims to double per capita income to RM48,000 (S\$19,700) by 2020, with growth driven by the private sector. But some economists have questioned the numbers behind the ETP.

While some projects under the ETP may be a catalyst for higher-value development, many more are actually old projects announced years ago, noted Mr Azrul Azwar, chief economist at Bank Islam. 'It is hard to see how these old projects can suddenly become transformational,' he said. The bulk of the investments are from the government or government-linked corporations, which are often not market

-driven.

But it is a detailed report by a think-tank, called Research for Social Advancement (Refsa), that has poked the most holes in the ETP's projections. The projections were drafted by the government's high-level Performance Management and Delivery Unit (Pemandu).

'The ETP is just business-as-usual, dressed up in fancy presentations and long press releases,' said Mr Teh Chi-Chang, an economic analyst who is executive director of Refsa and co-author of the six-part critique. The first part was released in mid-January and the final part earlier this month.

Pemandu has sought to rebut the criticism in its blog but has indicated that it will let its report card do the talking.

Pemandu chief executive Idris Jala, a respected corporate leader who joined the government to spearhead the programme, told the state news agency Bernama recently that the ETP has surpassed most of its first-year targets, including the creation of more than 500,000 jobs and a gross national income of almost RM850 billion.

But, Mr Teh said, shorn of the glitter, the ETP is still about government-driven mega projects that benefit well-connected businessmen, and does little to address income inequality.

'Even if Pemandu achieves all that it sets out to do, the Malaysian economy will be unbalanced and not sustainable. The ETP is not going to build a middle class that will keep Malaysia going,' he said.

The critique noted that the bulk of the investments still came from the government, and were focused in the oil and gas sector.

It said two government projects –

the Mass Rail Transit in Kuala Lumpur and Petronas' petrochemical refinery in Johor – account for a whopping 55 per cent of the total investments of RM176 billion in the first year. More than half of the investments pledged are in oil and gas.

In addition, it pointed out that in the first year, the government and government-linked corporations had invested RM114 billion, almost double the RM62 billion pledged by the private sector. The private sector share is just 35 per cent, instead of 60 per cent as targeted.

Refsa also argued that while national income will go up, only 21 per cent will go to wage-earners – which is lower than the current 28 per cent. The rest of it will go to corporations. Income inequality will only grow, it added.

Pemandu denied some of these criticisms through its blog, saying that while the private sector involvement may appear low, its data merely represents a 'snapshot of progress' and does not cover the entire range of investments.

It said overall private investment had risen by 19.4 per cent from 2010 to RM94 billion last year.

Pemandu also said contrary to Refsa's claims, its own estimates show that 45 per cent of the workforce will take home 51.1 per cent of the total wages by 2020, making a significant redistribution of income. 'The ETP Roadmap, as we have always maintained, is a kick-start and it will evolve as we build out the programme,' it said.

Who wins the war of words is important, with elections looming.

Mr Wan Saiful believed that the ETP is a vote-getter, especially in the rural areas where many people view it as a government programme to improve their lives.

'Generally, the ETP is being taken positively,' he said.

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Retrieved from *Jakarta Globe*
[www.thejakartaglobe.com/
business/najibs-grand-plan-
under-scrutiny/507875](http://www.thejakartaglobe.com/business/najibs-grand-plan-under-scrutiny/507875)

REFSA'S Critique of the ETP (Part 1)

One of the two authors of REFSA's Critique of the ETP series, Dr Ong Kian Ming, appeared on BFM 89.9 on 13 March 2012 to delve into REFSA's evaluation of ETP's DEEDS (see Page 4).

Chew on the perspective of Dr Ong as he takes on the questions of BFM hosts Caroline Oh and Ezra Zaid, breaking down and evaluating the much-touted ETP for the everyday Malaysian.

- How did Dr Ong, who was initially impressed with the ETP, get involved in a series that has revealed many of the ETP's weaknesses?
- Is REFSA's critique really nit-picking, or is the evaluation merely holding PEMANDU to their targets and claims?
- How is the ETP business-as-usual rather than transformative?
- What is PEMANDU not telling us?
- Do we really need PEMANDU to achieve all the targets they have set?
- What are our suggestions for PEMANDU?



Answers in the complete podcast at www.refsa.org

REFSA'S Critique of the ETP (Part 2)

Following Dr Ong Kian Ming's appearance on BFM89.9, we finally see a face-to-face discussion on 20 March 2012 between PEMANDU's Chris Tan, director of the Electrical and Electronics NKEA and REFSA's executive director Teh Chi-Chang.

Listen in on the lively debate between Chi-Chang and Chris Tan to judge for yourself on whether the economic transformation roadmap under PEMANDU is truly transformative, or business-as-usual.



Get the complete podcast at www.refsa.org

As time constraints of the show did not allow it, here is REFSA's answer to the last point about the ETP's 1000-Person-1-Day workshop:

We understand that the one-day, 1000-Person workshop is different from the labs, as explained by Chris Tan in the podcast. However, PEMANDU's reply *Your Questions Answered : Choosing the NKEAs* on the ETP Blog clearly states that the workshop was where "the NKEAs were chosen."

The infographic on Page 1 (cover) captures REFSA's doubts on the feasibility of choosing NKEAs in such a hot-house environment.

>> Continue from Pg 10

Focus on the Message, Not the Messenger

REFSA receives zero funding from any political party. Our operations are sustained by a group of civic-conscious Malaysians who share REFSA's vision for a better Malaysia and support our commitment to impartial research and analysis.

Unsurprisingly, our donors have requested to remain anonymous, for the same reason that has made it necessary for REFSA to clarify its non-partisan position now – when you criticise the government, you are immediately branded as anti-government/opposition-linked.

Some of these donors are entrepreneurs, whose bread and butter rely on work from government or government-linked corporations. Revealing their identity may put their livelihood at risk.

We at REFSA are working towards

the day when exchange of ideas can be made without fear, and the government-of-the-day welcomes constructive criticism as input from patriotic Malaysians working for a better Malaysia.

Until then, our donors have to remain anonymous.



OperationPaperStorm / Creative Commons

Last year, this group of contributors funded REFSA for a belief – to provide a system of checks and balances, for Malaysian discourse to be dominated by facts, for honest data and for national policies to be evaluated with impartiality.

They pooled RM250,000 among themselves to set up Research for Social Advancement (REFSA). REFSA utilised the funding to research on various issues close to the hearts of Malaysians, all of which can be freely accessed on www.refsa.org

That seed funding is now running out. Our initial donors like what we have achieved so far – the depth of the analysis, the clarity of the writing and the professionalism of the presentation.

But they also, quite reasonably, want evidence that other Malaysians value it too.

Find out how you can help us with our matching donations campaign on Pg 20.

Internal Party Disagreements are like Ginseng — Bitter, but Natural and Rejuvenating

By: Ong Kar Jin

The Malaysian media encourages the misguided view that differences of opinion among members of political parties are unhealthy. Differing views are often portrayed as 'squabbling' or 'spats' or 'rifts' between members of the fraternity and indicative of weakness and disunity.

The contrary is true. Firstly, the ability to accept differing opinions is a sign of maturity in political parties or coalitions. Every person is unique, and that uniqueness includes our worldviews and of course, our opinions on matters. Even people in the most intimate of relationships do not agree on everything. Lovers fight. Married couples argue.

Some of us are more opinionated (or if you prefer, stubborn) than others, and when it comes to political parties... well you can expect a much higher concentration of strong-willed, passionate people who have their own take on things.

The important thing is that the disagreements are in pursuit of a higher cause. The point of debate goes beyond demolishing the other person's arguments and proving yours are better. Constructive debate and discourse which involves different viewpoints often results in a compromise that is agreeable to most. And isn't that the point of a democracy – to reflect the views of the majority?

But even when the middle path is not taken, and when different factions with irreconcilable differences emerge, it can be for the better. Take for example the Republican and Democratic parties in the United States. The business-friendly Republicans believe people should be as free as possible to pursue their own best interests and government should play a minimal role in the economy. The Democrats have a broader social agenda and believe government is crucial in creating a fairer society.

Many would be surprised to learn that these polar-opposites today

share the same roots in the Democratic-Republican Party founded by Thomas Jefferson. Differences of opinion within led to a schism in the 19th century. In the short term, this split certainly was destructive – the Democratic-Republican party ceased to exist. But in the long term, it created two powerful parties that now dominate politics in the richest country in the world.

Disagreements still rumble internally within the parties. Just consider the race to be the Republican candidate for president of the United States. Rick Santorum, the previous front-runner who recently pulled out, is a very conservative Christian focused on social issues. Mitt Romney, the present front-runner, was a successful venture capitalist and presents a more moderate face. All the candidates have hotly debated, and indeed, attacked each other. But the internal competition creates a dynamic in which the strongest, most 'winnable' candidate survives, behind which the entire party then closes ranks.

Notice the difference between these mature parties and the immature, insecure ones in our country? The losing candidate is not demonised as a traitor to the party, ostracised or expelled. Neither does he storm off in a huff or retreat to sulk in a corner. He and his followers are absorbed back into the fold and continue the fight for the greater good as the party sees it.

The different opinions expressed during the campaign are not viewed as detrimental or bad for the party. Rather, they are recognised for what they are: just different viewpoints. And the winning candidate may well absorb some of these viewpoints.

This brings us to the very important point that successful political parties recognise constructive dissent as not only natural, but also necessary for rejuvenation. The Democratic and Republican parties in the United States have now been in existence for nearly two hundred



years. The fact that they are still relevant is testimony to their ability to absorb and accept new ideas and evolve to meet the changing needs and demands of the people they seek to govern. New ideas, and change, by definition, require freedom to dissent and debate.

The real problem is not dissent. It is suppressing dissent. UMNO for example, has not seen a contest for its presidency for a quarter of a century – ever since the titanic battle in 1987 between Tunku Razaleigh and Dr Mahathir which led to Tengku Razaleigh leaving UMNO to form Semangat 46 and a sycophantic culture developing in the new UMNO.

Dr Mahathir recently admitted that UMNO faces a scarcity of competent leaders at the top. The shortage is so severe that the UMNO now cannot find a woman capable enough to helm the Ministry of Women, Family and Community Development.

Take this test yourself. Name the vibrant young leaders in UMNO, MCA and the MIC, the bulwarks of conformity and 'unity'. Next, name the vibrant young leaders in DAP and PAS, the parties often portrayed by the mainstream media as riven by disagreements.

Differing opinions are simply a natural democratic process, are in the bigger picture constructive, and a mark of a strong, mature party. So the next time the mainstream media highlights another intra-party 'spat' within Pakatan Rakyat, think of it as Ginseng– it is bitter-sweet but is natural and rejuvenating!

Relevant Numbers | 17 Apr 2012



FEATURED!
Malaysiakini

Many sneered at our Home Ministry's lack of basic math skills when it blundered recently on the actual number of deaths in custody (also covered in *REFSA Rojak 30 Mar - 5 Apr*). While the error becomes the target of rancor and ridicule, let it not distract us from figures that are no laughing matter.

From year 2000 to February 2011,

156 people were found dead in the police lock-up or custody. Out of these 156 cases, 85 (or 54.5%) had the vague sheets of "No Further Action" pulled over them.

Only 2 cases were brought to legal proceeding, 3 inquests were opened and 1 was prosecuted, 4 inquests were completed, 32 cases were held by magistrate and 29 cases were still under investigation.

This runs contradictory to the Criminal Procedure Code, which requires an inquiry to conduct investigations on all custodial deaths.

The Royal Malaysian Police Director of Criminal Investigation has also mandated for all police investigations into deaths in police custody to be completed within the period of 1 month, and that an inquest must be held (Directive No. 10/2004 dated 29 May 2004).

Pundits and watchdogs have, however, lamented the inconsistent probe into these deaths, not to mention the system that could lead to conflict of interest in post-mortem investigations.

In the parliamentary reply (reference number: 3489) to MP Kulasegaran (DAP-Ipoh Barat)'s question on this matter, the Ministry of Home Affairs also revealed that most

of the deaths in lock-ups were caused by health complications and fights among inmates.

This further calls to question the discipline and hygiene of lock-ups, the image of which has already been tarnished with the high profile deaths of A Kugan and a few others suspected to have died of torture in police custody.

Various groups have demanded inquests of death in custody to be made mandatory. This request has been echoed by the Human Rights Commission of Malaysia (SUHAKAM) and the 2005 Royal Commission Report. Nonetheless, the authorities seem to be tossing the buck at each other when responding to this appeal.

The Police said that this is the Magistrate's jurisdiction, whereas the Attorney General's Chamber stated that the Magistrate shall conduct an inquest for every death in custody.

Let these bodies not be further buried in layers of blame game. We need an independent inquest commission to call out errant officers without hierarchical pressure, while clearing up the murky clouds which are unnecessarily tainting the integrity of the police force.

REFSA Says | 1 Mar 2012

Please Uphold the Honour of (Dr) Rosmah, Curtin University, its Alumni and its Students

By: Teh Chi-Chang and Sandra Rajoo



Limkokwing.net

The basis of the Honorary Doctorate of Letters which Curtin University chose to confer on Datin Paduka Seri (Dr) Rosmah Mansor on 11 February this year is still unclear. The responses by Vice Chancellor Professor Jeanette Hacket and the University to the storm of criticism that erupted following the bestowing of this honour open a Pandora's box of questions, besides leaving many still unanswered.

Vice Chancellor Hacket has admitted that one of the initial justifications such as (Dr) Rosmah's contribution to 'the advancement of women' is incorrect. This has since been removed from the official statement by the university on the conferment of the honour to (Dr) Rosmah.

How important was this criterion in the University's decision to honour (Dr) Rosmah? Is its mistake grounds

to revisit the decision? Also, it throws into question the thoroughness of the University in its procedures of fact-finding and verifying information required in the criteria for nomination.

There are further questions that remain unanswered. The second reason for the honour, which is that (Dr) Rosmah has been responsible for the setting up of 600 Permata centres in Malaysia, is also in doubt. On Permata's own website, only 52 'Pusat Anak Permata Negara' are listed. 52 is a long way from 600. Would Curtin University kindly shed light on the large gap?

Vice-Chancellor Jeanette's approval of (Dr) Rosmah's work which reflects "Curtin's key aims of providing equal access to higher education for disadvantaged groups, such as students of indigenous descent or those

from rural or isolated areas" and the 'development of human capital' argument put forth by Curtin also requires substantiation.

A cursory glance of the 52 centres listed on Permata's website does not suggest a preponderance favouring those of indigenous descent and rural and isolated areas. Centre locations include Putrajaya, the federal administrative capital akin to Canberra, and the urban Malaysian states of Selangor, Penang and Negeri Sembilan.

Furthermore, it is shameless to honour an individual for spending taxpayers' money. Permata is funded by the government of Malaysia. It was set up in 2007 with RM60 million. In 2011, that amount had ballooned to RM150 million.

Continue Page 23 >>



REFSA Rojak is our weekly take on the goings-on in Malaysia. We trawl the newsflow, cut to the core and focus on the really pertinent.

Full of flavour, lots of crunch, this is the concise snapshot to help Malaysians keep abreast of the issues of the day.

Our editorial pick of the TOP 5 News Items from January to July 2012:

#5: Rage over Radioactivity

The parliamentary select committee (PSC) is in favour of issuing a temporary operating license (TOL) to Lynas, despite the uproar against the rare-earth processing plant in Kuantan.

The PSC's impartiality is debatable. The committee chose to butt heads with those who voiced concerns about the project, despite pledging to engage with the people.

Earlier, the anti-Lynas movement cited facts and opinions by professional bodies such as the Bar Council and Malaysian Medical Association on the health risks that the controversial project may pose.

#4: Wrongs to Human Rights

The new law to replace the draconian ISA is not providing a rosier picture on human rights in Malaysia. In fact, its vague provisions may prove to be a thorn in our side, providing opportunities for abusive interrogations and arrests without warrants.

Nonetheless, the new legislation ruled that all security offences charges have to be tried in the High Court, and no one can be arrested for their political involvement – an improvement from ISA that allows for detention without trial.

Disapproval doesn't have to mean disrespect, but Putrajaya apparently does not discern between the two. We hear our PM vowing that Malaysia has no place for the lesbian, gay, bisexual and transsexual (LGBT) community, our Deputy PM calling the their sexual orientation a 'disorder', and anti-LGBT campaigns reportedly held in schools.

Malaysia also earned international shame for breaching the Declaration of Human Rights (UDHR) with the deportation of Saudi journalist Hamza Kashgari, who was seeking asylum from a potential death penalty back home for an accusation of 'insulting Islam'.

#3: Blood on Batons

Our men in blue lost more than their cool during the Bersih 3.0 rally in KL; their reputation and reliability were in shreds after they brutally handled the largely peaceful protestors.

The police insisted that the crack-down was triggered by protestors breaching the barricade into Dataran Merdeka. However, rife reports of the fierce aggression of the cops on the

already-dispersing crowd riled even the Bar Council. Joining the lawyers in their dismay are journalists, who were enraged that the police had roughed up media personnel covering the 250,000-strong rally. This begs the question – were the police made political pawns to black out negative news coverage?

On a related note, the 3-year jail sentence on the police constable found guilty of causing car thief A. Kugan's custodial death was seen as too light to deter other cops from inflicting violence upon detainees. With more and more legislation put in place to regulate us, would we also find our hands shackled in an interrogation room, at the mercy of a law that is more interested in protecting the police?

#2: Electoral Enigma

Police brutality is unacceptable, but let us not be distracted by why Malaysians took to the streets in the first place. A minority report to clean up the electoral roll has proposed –

(1) it be illegal for the EC to change voters' constituencies, (2) 42,000 voters whose citizenship is not confirmed by the National Registration Department (NRD) be removed, (3) the EC should investigate and verify 1000 voters older than 100 years, (4) the NRD checks the 15,000 voters whose gender does not tally with the last number in their MyKad (even number is for female, odd for male), (5) the status of 45,000 spouses of police officers, who are not eligible to be postal voters, should be changed to normal voters.

Unfortunately, the minority report has been thrown out. While problems plague the electoral roll, the remedy offered by the Election Commission (EC) is accused of being merely a placebo. Veteran polls watchdog Malaysians for Free and Fair Elections (Mafrel) says the EC's selection of untested NGOs as election observers is just to create an illusion of transparency.

#1: Silencing Sores

No flip to press freedom in Malaysia as our newspapers are still overwhelmingly in favour of BN, according to a study by Center of Independent Journalism (CIJ). Can you blame the press for its biased coverage? Although annual renewal of publishing permits is no longer necessary, the

Home Minister still has the right to suspend or revoke the licenses.

Independent news portal Malaysia-kini was also denied a permit to publish its news in the form of a newspaper, which means that the positive slant towards BN among print media will remain for the time being.

Media blackout is even darker when it is the media companies themselves enforcing it. Satellite TV network Astro censored police brutality during Bersih 3.0 on a news report by the BBC 'to comply with the national content regulations' – an omission that drew condemnation from the international news network.

The pens wielded by cartoonists have also pierced politicians so much that the Election Commission has decided to place a ban on political cartoons.



Putrajaya also seems to be on a book-banning blitz. Even educational books on the facts of life could not escape the clamp-down. Children's book *Where Did I Come From?* was pulled off the shelves for its graphic descriptions of the physical realities of making babies, as they are deemed offensive.

REFSA executive director Chi-Chang is incredulous at the Home Ministry's tardiness – his mom bought him a copy when he was ten years old, and if the book is indeed 'harmful to society', then tender young Malaysian minds have been tainted for more than 30 years now!

Chi-Chang has found *Where Did I Come From?* a very helpful and appropriate introduction to the facts of life. The book also did not deter his successful growth into an upright citizen – but perhaps PEMANDU and the BN federal government may beg to differ?

REFSA EVENTS

While we are honoured by the attention given by lawmakers and economic analysts to our research, we consider it equally important that the average Malaysian is also made aware of the dodgy data and questionable directions of PEMANDU's economic transformation roadmap that promises high-income status by 2020.

To make our work more accessible to the masses, we have accepted various invitations to seminars and forums to discuss the ETP. Among the events that our executive director Teh Chi-Chang and visiting contributor Dr Ong Kian Ming have participated in are:

- "PEMANDU & the ETP: Transformative or Business-as-usual?" forum, Kuala Lumpur, 7 March 2012
- "Evaluating the ETP" forum, Penang, 6 April 2012
- "Najib's Economic Transformation Record: Are we on the right track?" forum, Petaling Jaya, 16 April 2012
- "Program Transformasi Ekonomi (ETP): Gagal atau Berjaya?", by PAS Research Center, 21 June 2012

An anonymous donor had also organised a fund-raising dinner at Madisons, Bangkung Row to help REFSA sustain its operations. The dinner raised a total of RM22,200. All of us at REFSA would like to extend our heartfelt gratitude to the said donor for his efforts and generosity!

"Evaluating the ETP" forum in Penang. From left: Bukit Bendera MP Liew Chin Tong, Dr Ong Kian Ming, ISIS Dr Muhammad Abdul Khalid, Bank Islam Malaysia Bhd chief economist Azrul Azwar Tajudin, Teh Chi-Chang. (Pic credit: Penang Institute)



Chi-Chang (far right) speaking during the Najib's Economic Transformation Record: Are we on the right track?" forum. From left: Dr Ong Kian Ming, PJ Utara MP Tony Pua.

REFSA REPLIES | The editorial team's take on current issues

QUESTION: Detractors have tried to undercut the credibility of mass movements Bersih and anti-Lynas by labelling them 'opposition-linked'. The same allegation has been swatted at our own little REFSA mosquito. Is constructive discourse achievable only by sitting on the fence?



Sandra replies:

Too many people sitting on the fence and it might collapse, bringing discourse down with it. Being on the fence implies passivity, apathy, and a desire not to be involved. Obviously, nothing constructive or productive will come of it.

Divergent views and opinions add value to a society and those expressing them should be engaged with.

Detractors who dismiss everything different as 'opposition-linked' really fear that national policies cannot stand up to scrutiny. It shows a lack of confidence and conviction. So they take the easy way out and tell people, "Don't have an opinion".



Li Mei replies:

Political links do not dissolve one's ability in critical thought or balanced discourse. Focus on one's route, not root. It is more constructive to weigh a cause by where it is heading than to harp on its origins. You may even start to realise that your opponent is actually going the same direction as you are – towards a better Malaysia.

It is ironic that those who distrust the integrity of others due to partisan ties are not entirely divorced from political links themselves. Best to remember the saying – your judgment on someone does not reveal who they are, but reflects who *you* are.



Kar Jin replies:

In the poem Dante's Inferno, a tale about a man's journey through Hell itself, there is a special sort of hell for men and women who ever sit on the fence. In my opinion, that hell must be very empty – people rarely if ever can be truly free of bias, though many claim to be so.

Fair and meaningful cannot be achieved by simply sitting on the fence– there is no such thing in truth– and opinions must clash before a greater whole emerges. Ever heard of the Big Bang? Twas a collision that created the universe.



MATCHING DONATIONS CAMPAIGN 2012

In 2011,
several
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funded a
BELIEF

Discourse driven by facts, not fights
Constructive debates, not manipulative arguments
Balanced findings, not dishonest data
Effectiveness of national policies weighed with impartiality, not political agenda

These donors pooled **RM250,000** among themselves to set up Research for Social Advancement (REFSA).

REFSA got the ball rolling, utilising the funding to research on various issues close to Malaysians' hearts

All of which everyone can freely access on **www.refsa.org**

2012

The donors are happy with what REFSA has achieved - the depth of the research and analysis, the clarity of the writing, the professionalism of the presentation - but they quite rightly also want evidence that other Malaysians value it.

Thus, our key donors will **match 1.5 to 1** new donations this year on a **basis**

If we manage to raise RM100,000

they would match it with another contribution of RM150,000

This would cover REFSA's operating costs for a year.

If you appreciate REFSA's cause for a better Malaysia, please contribute to help sustain our efforts.

NO AMOUNT IS TOO SMALL!

RM18 per month
= RM216 per year

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REFSA's website maintenance for 12 months



RM28 per month
= RM336 per year

THIS COVERS:
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RM50 per month
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THIS COVERS:
www.refsa.org's domain name and webhosting for 12 months + Internet bill for 1 Month



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RM200 per month
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THIS COVERS:
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RM300 per month
= RM3,600 per year

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REFSA is an independent, not-for-profit research institute. We provide relevant and reliable information on issues affecting Malaysians to inspire open and constructive discussions that should result in effective policies to address those issues.

PLEASE HELP REFSA SUSTAIN OUR WORK FOR A BETTER MALAYSIA

Support impartial research to inspire constructive discourse and policies – donations of any amounts are very welcome!

You may contribute via:

- ♦ Cheque deposits made out to Research for Social Advancement Bhd and banked into our Public Bank (account number 3128-1874-30)
- ♦ Cash deposits into the same Public Bank account above.

Thank you for your generosity. Every little bit counts!

Please contact us at info@refsa.org and we will issue a receipt.

>> Continue from Page 19

Award only Fair if (Dr) Rosmah Used Her Own Funds

It is fair to honour philanthropy. However, as it stands, Curtin University's decision is akin to conferring an honorary doctorate on Prime Minister Julia Gillard's partner for using Australian taxpayers' money to set up childcare centres throughout Australia, including for aboriginal groups.

The award of honorary doctorates must be for apt and compelling reasons. Otherwise, rightly or wrongly, such awards will be viewed as reflective of the general academic standards, or lack thereof, of that particular institution.

The firestorm of protests that greeted Rosmah's honour led to the University taking the unprecedented step of curbing freedom of expression by temporarily suspending comments on its Facebook wall due to, in its own words, potentially defamatory comments.

Many comments impinged on the integrity and quality of the University and its degrees, as well as (Dr) Rosmah's eligibility for the honour.

In this light, it is imperative that the University substantiate and clarify 3 key issues:

- 1) How many Permata centres are there, actually? The University says more than 600, but Permata's own website claims just 52;
- 2) Give clear, concrete and manifold examples and statistics of Permata's work in "providing equal access to higher education for disadvantaged groups, such as students of indigenous descent or those from rural or isolated areas" and the

'development of human capital';

3) Explain why the University considers it appropriate that an individual be honoured for spending taxpayers' money, and for doing the things that her partner, as prime minister of Malaysia, should be doing in the course of his normal duties.

It is the duty of the government of Malaysia to ensure educational opportunities for all its citizens. If it is derelict in this duty, one should certainly not honour the wife of the prime minister for stepping in to fill the failings of his government.

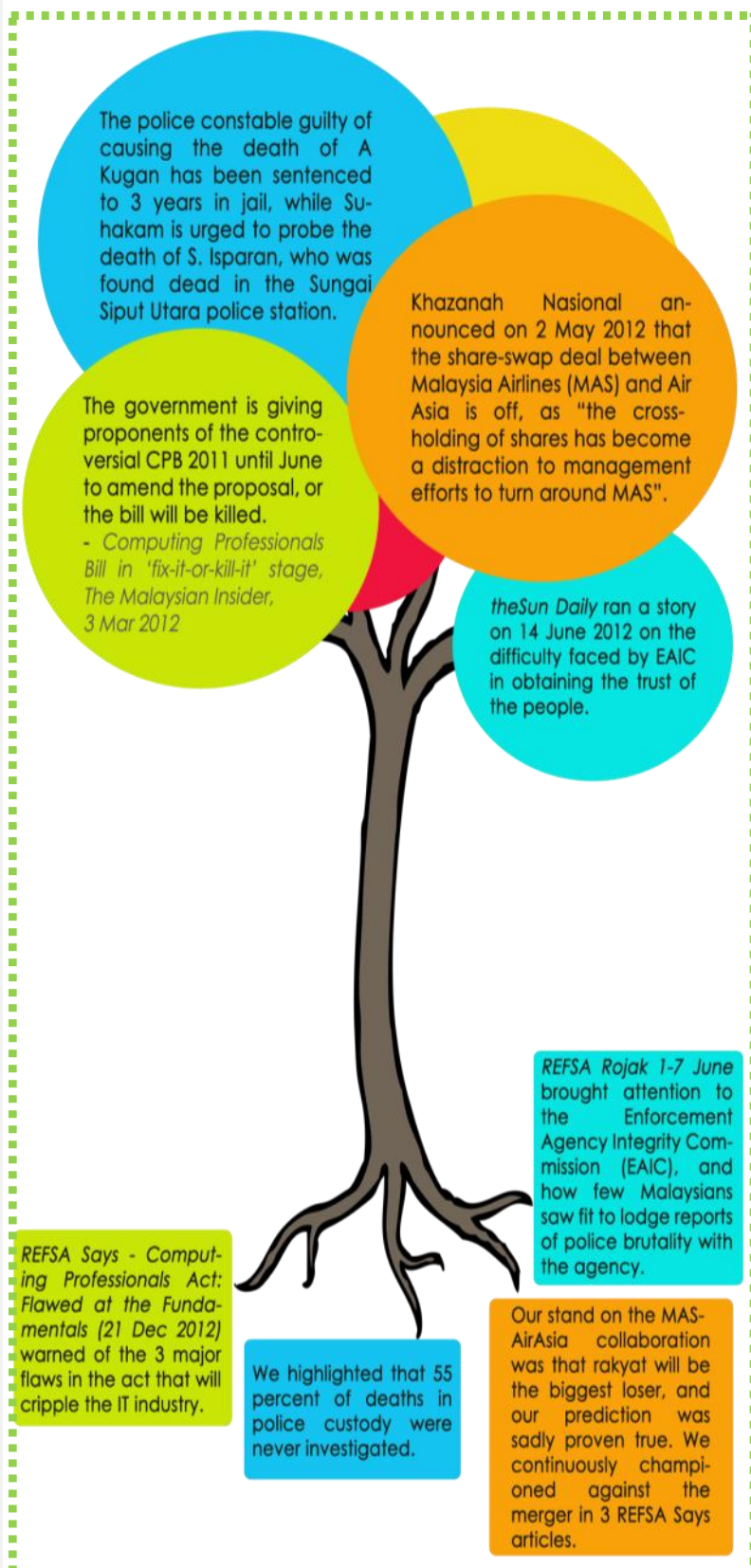
Alternatively, if it becomes clear that the new facts have come to the attention of Curtin University that its initial due diligence had not unearthed, it might then be appropriate for the University to revisit this conferment in the light of the new information. The University of Massachusetts, Amherst in 2008 'rescinded' an honorary degree given to Zimbabwean President Mugabe in 2008 after protests.

We also invite the Curtin Student Guild to take up this case. Honorary doctorates reflect on the degrees that students work hard for and ultimately attain. Surely you would want your hard-earned degree to be perceived with respect and integrity. The Curtin University must address its critics in this matter, and defend the honour of (Dr) Rosmah, the University and the reputation that you take with you as future alumni.

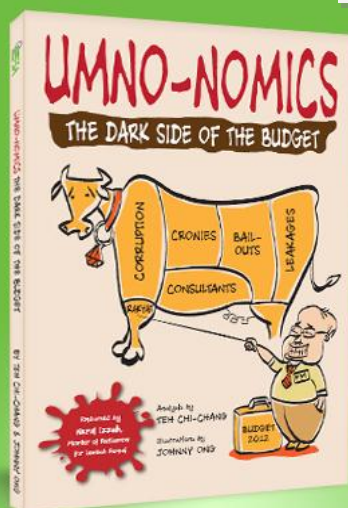
REFSA'S RELEVANCE

Our commitment to be down-to-earth extends to more than just the language of our analysis - the issues we pursue have to also be deeply rooted to the ground, i.e. meaningful to ordinary Malaysians.

The newsworthiness of our many analyses of the ETP has been proven by their appearance in various news sites. We also highlight plenty of other issues that are in tandem with current concerns. Below is a simple infographic to capture REFSA's relevance:



REFSA PRESENTS



Take an illustrated frank and hilarious look into the Budget and its Shadow, along with BN & PR's economic policies

"UMNO-NOMICS: The Dark Side of the Budget" combines clever cartoons, carefully researched analyses and everyday English to put a whole new spin on the way you perceive 'dry' economics.

Buy a Copy at RM29.50



WHAT OTHERS SAY ABOUT THIS BOOK

"Insightful and highly readable. Helps Malaysians understand not only the annual federal government budget but also its abuses, and the dangers hidden in off-budget items such as 'contingent liabilities'."



Nurul Izzah Anwar
Member of Parliament for Lembah Pantai and Vice President of KEADILAN

"A brilliant step towards making partisan choices founded on well-argued, policy-based reasoning. Pakatan supporters must read this book so that they have more cogent arguments for their experience beyond 'because UMNO is wrong'. And those who support UMNO or BN must read it to understand why the other side is so upset with them."



Wan Saiful Wan Jan
Chief Executive Officer, Institute for Democracy and Economics Affairs (IDEAS)

"Chi-Chang and Johnny make a powerful combination. Both are true Malaysians who want to bring about a better Malaysia. Johnny has been fearless in creating awareness among fellow Malaysian through his bold and rapier-sharp cartoons. Chi-Chang has been selfless in sharing his financial expertise for the cause of positive change. Together, they blend text and visuals to bring across a powerful message."



Kee Thuan Chye
Journalist, author, playwright, actor

Sit back, relax, and let 'UMNO-NOMICS' put a whole new spin on the way you perceive 'dry' economics!

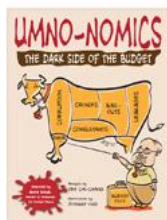
By combining clever illustrated cartoons, carefully researched analyses and everyday English, this book is a visual spectacle that is both informative and easily digested by people of all ages.

If you enjoy in-depth discussions on Malaysia's economic scene and those funny Sunday-morning cartoons, this book is for you.

Johnny Ong is an artist with an analytical mind, **Chi-Chang** is a Chartered Financial Analyst charter-holder with a creative bent. When the stars of an ex-investment analyst and a former bartender collide, the result is mind-blowing. Dry economics becomes a visual spectacle. Funny, wicked, humorous - everything every Malaysian should know about the Budget, its Shadow and BN and PR in plain language and rib-tickling cartoons.

BOOK DETAILS

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