

OFFICIATING SPEECH BY

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**SEMINAR ON CORPORATE LIABILITY ON CORRUPTION IN CONSTRUCTION –
ENFORCEMENT OF SECTION 17A, MACC AMENDMENT ACT 2018**

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SIME DARBY CONVENTION CENTRE, KUALA LUMPUR**

Distinguished guests,
Members of the media,
Ladies and gentlemen,

Salam Sejahtera and a very good morning to all of you here today.

1. It is indeed an honour for me to be here at the **Seminar on Corporate Liability on Corruption in Construction - Enforcement of Section 17A, MACC Amendment Act 2018** today.
2. Today's seminar is indeed relevant and timely as the construction industry prepares for the enforcement of the Act in June 2020. The seminar programme also covers topics that are pertinent in the industry, in ensuring that commercial organisations have adequate procedures in place to prevent bribery.

Ladies and gentlemen,

3. The construction sector is often perceived as one of the most corrupt sectors of the economy of any country, particularly in developing countries¹. Transparency International's Bribe Payers Index in 2011 revealed that corruption is perceived to occur in all business sectors and is seen as most common in the Public Works, Contracts and Construction Sector.
4. This matter should not be taken lightly. Corruption in construction can lead to poor quality of finished products. Insufficient or improper maintenance can significantly reduce the economic return on investments, and not to mention, impact public safety and health.
5. Recognising the seriousness of the problem of corruption, our Prime Minister, Tun Dr Mahathir announced several bold reforms during the Mid-Term Review of the 11th Malaysia Plan almost exactly one year ago. One of the pillars of these reforms is improving governance and the government is committed to move towards greater transparency and efficiency of public services. Several measures are currently being implemented to enhance the check and balance mechanisms at all levels of government, and laws and policies are being reviewed.
6. The construction industry, as any other industry, needs to be governed in order to establish a healthy and thriving business environment. The Government, through the Ministry of Works has put in much effort in regulating the industry.
7. In this regard, the Ministry of Works is striving to improve its procurement and tendering system. This is to ensure that the construction sector is more competitive in order to generate the best value for public funds expended on projects.
8. As such, the Ministry together with the Public Works Department is looking into extensive use of the open tender system for government projects, especially for large scale contracts. Open tender systems are commercially fair and transparent, and this

¹ <http://spaj.ukm.my/isb/index.php/ibp/article/view/349/pdf>

will ensure that public funds are well spent. To this end, the Ministry of Works will actively provide technical expertise throughout the assessment process to pre-determine the value of the tender for infrastructure projects implemented using the conventional method or development expenditure.

Ladies and gentlemen,

9. The use of ICT technology is an important catalyst to not only enhance the effectiveness and productivity of the construction industry, it can also improve the transparency, professionalism, quality of services, and ultimately, enhancing the ease of doing business in Malaysia.
10. The Ministry of Works is working towards a fully digitalised procurement system, E-Works in 2020, an online platform for procurement process involving government construction projects, as well as a website for ministries to advertise tenders. This will reform the governance and procurement system by enabling greater transparency levels as the platform will make the procurement process more transparent help, and avoid any compromising practices.
11. On the same note, digitalisation of registration of contractors and payment of levies will greatly reduce opportunities for corruption as it eliminates the need for human interaction. I am also pleased to note that CIDB has established the Bahagian Operasi Setempat, which is a division responsible for the management of CIDB's Centralised Information Management System (CIMS), an online platform that integrates all construction-related processes and transactions, such as contractor registration, construction project declaration and levy management. CIMS can also be used for construction personnel registration and accreditation.
12. I am confident that these initiatives will enhance the integrity of the construction industry.

Ladies and gentlemen,

13. Having integrity in business is not only morally correct but has numerous business advantages. Not only can companies avoid potential legal and ethical problems, they also have the opportunity to set the standard for excellence in their industry, earning the long-term respect of customers, vendors, staff and even competitors.
14. Perhaps one of the greatest advantages of running a business with integrity is the potential for increased earnings. Businesses caught in ethical controversies often lose clients, and have difficulty attracting customers and employees. Companies with integrity have higher chances of capturing market share because of the respect they command in their industry. Companies with good reputations may also find it easier to get financing and attract investors.
15. **It is crucial that the Malaysian construction sector also practices impeccable integrity in its business dealings.** Like all industries, it is not immune to corrupt practices. But if we are to rebuild the dignity of Malaysia as a whole, all parties need to work together. This includes the construction sector, as it is a key contributor to the Malaysian economy. We need to put the checks and balances in place to ensure that corrupt practices can be prevented from occurring, and exposed if it does.
16. When a company has a strong culture of integrity established, employees will make better decisions to take care of the long-term interests of customers and the company. Employees will also be able to trust each other, which will have huge benefits for collaboration and teamwork and will minimise costly mistakes, disputes and delays. This makes good business sense, and I am sure anyone in the construction business can agree with me.

Ladies and gentlemen,

17. I hope that the construction industry will answer the call and take this responsibility to ensure that their organization conforms to the law, as well as establish their integrity procedures and framework as soon as possible, in light of the amendments to the MACC Act 2018.

Thank you.