

Dr M: Days of GLC bosses getting fat paychecks are over

Malaysiakini

9 July 2018

The days of top executives of government-linked companies (GLCs) drawing fat salaries regardless of their companies' performance are over, Prime Minister Dr Mahathir Mohamad has warned.

Giving the rationale for the move, he said what happened in the past was that the government found it convenient to place its supporters in these GLCs, and these executives got a good income from the companies.

"The result is that we have a lot of people who are non-professionals and unfamiliar with business, but holding high posts in the GLCs, and this, of course, defeats the whole purpose.

"The GLCs inevitably lose money, but the salaries of these people are very high and they enjoy all this without bothering whether the company makes a profit or not," he said in an interview with Investvine, the Hong Kong-based business news portal covering mainly South East Asia.

The prime minister pointed out that the Pakatan Harapan government now wants to place professionals in these GLCs and their salaries would not be very

high.

"The salaries may be slightly higher than that of the civil service, but if they perform, then we'll pay them a bonus. Otherwise, they won't receive the high income as currently, and we will change the management so that we appoint professionals," Mahathir further warned.

He said it did not matter whether "they are party people or not", but it is key that they must be professionals fitting into the business of the company.

In the interview conducted by Investvine director Imran Saddique and correspondent Firoz Abdul Hamid, Mahathir spoke at length about the concept of GLCs and Khanazah Nasional Bhd, the strategic investment fund of the Malaysian government, which he set up in the 1990's when he was prime minister for the first time.

He said the idea was prompted by the apparent inability of the Malays to retain shares which they acquired under the government's affirmative action.

"When they get their shares, they inevitably sell them all and then they go back to having no shares. That way they enrich the very people that they are supposed to chase after.

"So, we thought that instead of giving directly to the Bumiputeras, we'll create a body that can hold the shares until such time when they have the capacity to retain those shares.

"That was the original intention, but along the way, Khazanah decided that it should take all the shares for itself and if they are good shares, why not acquire the shares at the time of listing when the price was very low.

"And so they forgot entirely about holding the shares for the Bumiputeras " he added.

Instead, Khazanah decided that they should be holding the shares forever as part of the companies owned by the government.

The prime minister said the government then no longer followed the initial intention of the formation of Khazanah.

Moving forward, the government would now have to go through the huge number of companies that Khazanah had shares in and categorise them into the ones that could be profitable, might be profitable and those that might be losing money.

"We need to talk about closing some of these companies to reduce the overall

number and to a certain extent go back to the original intention of holding the shares allocated to the Bumiputeras until such time when they can buy," said Mahathir.

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