

PAS calls for Petronas audit after Malaysia's transparency ranking dips
Malaysian Insider
May 29, 2013
By Syed Jaymal Zahiid

KUALA LUMPUR, May 29 — PAS has called on Putrajaya to conduct an audit on Petronas after a survey showed Malaysia's ranking in revenue management transparency dropping to 34th spot from 22nd in 2010, far below countries like Timor Leste and the Philippines which were ranked 13th and 23rd respectively.

The 2013 Revenue Watch Institute and Transparency International Report on government disclosure in oil, gas and minerals management in 58 resource rich countries released in April saw Malaysia scoring three per cent lower than

in 2010, performing poorly in all three criteria touching on matter of accountability like reporting practices and safeguards and quality control.

"PAS is calling for an immediate thorough audit on the financial performance and transparency of (Petronas') management," Dr Dzulkefly Ahmad (picture), the party's chief economic researcher, told reporters here.

The former Kuala Selangor lawmaker further cited that the report had criticised the management of Malaysia's oil and gas resources, which was categorised as weak and shrouded in secrecy.

Dzulkefly claimed this was due to widespread cronyism practised in an industry monopolised by a state oil firm that is solely controlled by the prime minister, who helms a government known to favour the allocation of lucrative contracts to companies closely linked to the ruling elites.

The opposition economist pointed to how oil contracts have been distributed only among "crony" companies like SapuraKecana, Dialog, Petra and Scomi, outfits said to be allegedly close to figures in Petronas' top management.

And recently, the state oil firm was also seen allocating its marginal field exploration jobs (also known as Risk Service Contracts) to these companies, Dzulkefly added.

"All of them are known to be close to Petronas' top management and this has prevented growth of local contractors, be it Bumiputra or non-Bumiputra.

"And although the first round of RSC contracts were given out through open tender, the criteria to set the winners remain shrouded in secrecy," he said.

Dzulkefly's allegations have echoes of the accusations made by the Malay Economic Action Council who claimed Petronas was sidelining Malay companies by favouring a certain pool of contractors seen close to the government.

It further reminded Petronas that it was established to help nurture the growth of local players but the company has failed to do so since management was taken over by Datuk Shamsul Azhar Abbas whom the group had called for his resignation.

Dzulkefly said Petronas is now showing symptoms similar to that of its Indonesia equivalent,

Pertamina, under then dictator Suharto who nearly brought the company down with rampant corruption.

"Petronas is experiencing the symptoms similar to that of Pertamina under the Suharto government...due to the political interference at the highest level, Petronas now seems to be losing its direction and going where Pertamina had at one time," he said.

Opposition leaders have often lamented about how the off-budget national oil company, which is entrusted with managing the nation's oil and gas resources for all Malaysians, has been used in the past to help build the "extravagant" RM25 billion administrative capital Putrajaya and provide billions in subsidised natural gas to profit-oriented industries.

Taxes and dividends paid by national oil company Petronas constitute over 40 per cent of the Malaysian government's revenue.

The dividend payout ratio in the 2010 financial year was 74 per cent of profits as compared with 57 per cent in 2008 and 39 per cent in 2006.

The growing dividend payout ratio could affect the ability for Petronas to reinvest in the coming years.

Prime Minister Datuk Seri Najib Razak, however, denied meddling with Petronas' internal affairs. At a recent "town hall" meeting with the company's staff just before Election 2013 was held, he said he left all the decision-making to the company's board.

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