

Ku Li: Government abusing Petronas money

Kinibiz.com

Apr 4 , 2014

By Khairul Khalid

Former finance minister Tengku Razaleigh Hamzah has slammed the federal government for using Petronas (Petroleum Nasional Bhd) as a cash cow, bailing out ailing projects and financing extravagant ones..

“It is being abused and treated as the piggy bank whenever the government needs cash in a hurry. Government has relied on Petronas to help outfits with strong linkages to the government get out of financial trouble since 1985,” said Razaleigh at the book launch of Anas Alam Faizli’s “Rich Malaysia, Poor Malaysians”.

The Gua Musang MP (member of parliament) lists out several high profile cases where the federal government has utilised Petronas to finance or rescue troubled projects.

“In 1985, Bank Bumiputera was rescued with a RM2.5 billion bailout and again in 1991 when it coughed up another RM1 billion. In 1997, Petronas had to rescue the financially ailing Konsortium Perkapalan Berhad for RM2 billion. The national oil company was also made to underwrite the construction of the Twin Towers in the heart of the KL golden triangle for RM6 billion and the building of the extravagant Putrajaya for RM22 billion. In all, more than a half trillion ringgit have been spent,” said Razaleigh.

Over 37 years from 1974 – 2011, the government had been paid approximately RM529 billion in dividends, taxes, petroleum proceeds and export duties from the national oil company.

He elaborates that the amount could have been used more productively to fund a national pension programme for Malaysians, citing a Scandinavian country as a good example.

Razaleigh also feels that these bailouts have deprived Petronas from urgent cash needed for reinvestments.

“Given the finite nature of hydrocarbons as a resource, it is important for Petronas to look further afield at investments in businesses outside of oil and gas. Looked at

from this perspective, it is all the more critical for the corporation to have a strong cash reserve for reinvestment purposes,” said Razaleigh.

Click here to read an extract of Tengku Razaleigh Hamzah’s speech at the launch of Anas Alam Faizli’s book “Rich Malaysia, Poor Malaysians”

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