

Pembinaan PFI has RM27 billion debts, Putrajaya reveals

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Pembinaan PFI Sdn Bhd, a controversial government-owned entity, has raked up debts of up to RM26.6 billion in just seven years of its inception, Putrajaya has revealed.

It also disclosed that PFI's financial statement ending December 31, 2013, was only submitted to the Companies Commission of Malaysia on March 4 this year.

"PFI's financial statement that has been audited for financial year ending December 31, 2013 was submitted to the Companies Commission of Malaysia on March 4, 2015, and the total debt amounts to RM26,609.6 million," Datuk Seri Najib Razak, who is prime minister and finance minister, said in a parliamentary written reply to Serdang MP Dr Ong Kian Ming yesterday.

He said PFI is a Finance Ministry Incorporated-owned "special purpose vehicle" which was set up on September 28, 2006.

"Its purpose is to acquire capital to fund development projects and programmes that have been identified by the government," he added.

Ong criticised the little-known company owned by the Finance Ministry after it recorded RM27.9 billion in debts at the end of 2012 and said the amount could have reached RM47.4 billion at the end of 2014.

"One cannot help but raise the possibility that the lack of transparency on the part of Pembinaan PFI is to 'hide' government spending from the actual budget.

"Without accountability on how Pembinaan PFI is spending its borrowings, transparency on how it is servicing its debts, and vigilance from Najib, the company can easily turn into another 1MDB," he said, referring to troubled state investment vehicle 1Malaysia Development Berhad (1MDB).

He also questioned Putrajaya's rationale for setting up Pembinaan PFI as a channel to fund development projects, when it could just rely on the development expenditure in the government budget.

Pembinaan PFI is 99.9% owned by Finance Ministry Incorporated. The Federal Land Commission (FLC) holds one share in Pembinaan PFI.

According to the Auditor-General's report in 2013 (Series 3), Pembinaan PFI had the third highest liabilities among all government-owned entities at the end of 2012.

Its total liabilities were RM27.9 billion, behind two well-known companies with huge assets, revenues and profits, namely Petronas (RM152 billion) and Khazanah

Nasional (RM69 billion).

A report by The Edge revealed that Pembinaan PFI was set up to disburse RM20 billion worth of spending under the 9th Malaysian Plan (2006-2010), with a preference to be given to small-scale Bumiputera contractors for PFI contracts.

The third series of the auditor's report last year also highlighted a second round of funding worth RM10 billion to PFI, of which RM7.57 billion had been set aside for 16 ministries or agencies to carry out 313 projects.

The report showed that as of December 31, 2013, a total of RM4.9 billion was spent from this second tranche of funding. – April 1, 2015.

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