

PAC members' elevation into Cabinet puts 1MDB probe in doubt

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Questions now arise over Parliament's Public Accounts Committee (PAC) which is in the middle of probing into scandal-ridden 1Malaysia Development Bhd (1MDB), now that four of its members have been appointed into the Cabinet in a reshuffle announced today.

The PAC's outspoken chairman, Datuk Nur Jazlan Mohamed, together with Datuk Seri Reezal Merican Naina Merican and Datuk Mas Ermieyati Samsudin have been appointed as deputy ministers.

Nur Jazlan is the deputy home minister, while Reezal Merican is deputy foreign affairs minister and Mas Ermieyati is the deputy tourism and culture minister.

Another PAC member Datuk Wilfred Madius Tangau is now the science, technology and innovation minister.

Before this, the bipartisan committee had 13 members, comprising eight from Barisan Nasional and five from the opposition bench.

With the Cabinet reshuffle announced by Prime Minister Datuk Seri Najib Razak today, there is an urgent need to replace the four members as the PAC is scheduled to resume its inquiry into 1MDB next week.

By parliamentary convention, MPs appointed to the government administration cannot be sitting members of PAC.

Current and former top 1MDB executives are set to be present at the PAC inquiry from August 4.

The state investment firm's former CEO Datuk Shahrol Azral Ibrahim Halmi will be the first to face the bipartisan committee, while president and group executive director Arul Kanda Kandasamy is set to be grilled the next day.

Mohd Hazem Abdul Rahman, who served as 1MDB's CEO from March 2013 to January 2015, will also appear before the panel on August 6.

The PAC unanimously decided to begin proceedings into 1MDB in a special meeting held on April 30.

It had previously said that it would wait for the auditor-general's report before beginning its own probe.

Nur Jazlan had said PAC could not wait for the A-G's report on the troubled company as there was too much speculation by the public over the investment firm's financial standing.

The strategic fund has come under public scrutiny mainly because of its whopping RM42 billion debts racked up in the past five years.

Criticism has been mounting over the Finance Ministry wholly owned investment vehicle, established in 2009, leading to former prime minister Tun Dr Mahathir Mohamad calling for Najib's resignation.

Najib is under scrutiny as he holds the finance minister's post and is also chairman of 1MDB's advisory board.

Exposes by whistle-blower website Sarawak Report and by financial newspapers under The Edge have also increased scrutiny of the debt-ridden firm.

The A-G submitted a preliminary report to PAC on July 10, with a full report due by year-end.

A special government task force is also probing into the company's operations.

1MDB has not been able to generate enough earnings to service its debts. This raises public concerns over some of its debt papers issued with the government's letter of support – meaning the government is responsible for the fund's debt repayment should it default.

Consequently, the investment fund is currently stepping up efforts to hive off its assets, namely power generation plants and land, to ease its tight cash flow. – July 28, 2015.

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