

Malaysia

Like Norway, create Malaysian millionaires with special oil fund, MP suggests

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Lembah Pantai MP Nurul Izzah Anwar urged the government to set up a special oil fund for Malaysians similar to Norway's pension fund.
— Picture by Choo Choy May

KUALA LUMPUR, Feb 20 — A lawmaker urged Putrajaya today to set up a special oil fund for Malaysians like Norway's pension fund, which recently ballooned to US\$828.66 billion (RM2.7 trillion), turning every Norwegian into a theoretical millionaire.

PKR's Lembah Pantai MP Nurul Izzah Anwar said most of the revenue from Malaysia's national oil company, Petronas, should not continue to be spent, but be set aside for rainy days in the future like Norway's oil fund.

"Petronas cannot continue to be the prime minister's and his Cabinet's personal bank, with almost 40 per cent of the revenue from petroleum being used in the country's budget," she said in a statement today.

"Compare this to Norway that only allows four per cent to be used. This shows that the government doesn't seem to realise that our riches will eventually dry up," added the PKR vice-president.

Nurul Izzah said the current National Trust Fund (KWAN), which was set up in 1988 to ensure the optimum utilisation of petroleum resources, was only worth RM5.43 billion, according to the prime minister in 2011.

The opposition MP said instead of relying on KWAN, a special oil fund that prohibits the federal government from going on shopping sprees for white elephant projects should be created.

This fund, she added, should only be used for investment purposes by way of a parliamentary vote.

"This National Oil Fund should be placed under the purview of Parliament and can only be used during times of emergency after being approved with a two-third majority vote in the Dewan Rakyat. This proposal requires bi-partisan support in order to protect the future generation," she said.

Nurul Izzah pointed out that the Employees Provident Fund (EPF) had recently announced a pay out of 6.35 per cent in dividends to contributors for 2013, the highest since 2000.

"Since Petronas was formed, the government has received profits of over RM700 billion for the past 40 years.

"This money, if invested wisely like what EPF did, will surely bring huge returns to the people and protect Malaysia's economy that is currently uncertain due to instability in the world economy," she said.

Reuters reported last month that high oil and gas prices had caused the Norway oil fund, which is the world's biggest sovereign wealth fund, to expand by more than a million times of the country's population.

Norway, the world's number seven oil exporter, reportedly invests the cash abroad and the government is only allowed to spend four per cent of the fund annually.

Norway's Finance Minister Siv Jensen was quoted by *Reuters* as saying that the country's oil fund had helped manage large, unpredictable swings in oil and gas prices.

"Many countries have found that temporary large revenues from natural resource exploitation produce relatively short-lived booms that are followed by difficult adjustments," she was quoted as saying by the news wire.

