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Petronas' money is government's money

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The sole shareholder of Petroliaam Nasional Bhd is the government. On that score, any money that Petronas spends is as good as coming out of the government's coffers.

In the war of words between former prime minister Datuk Seri Najib Razak and Parti Keadilan Rakyat's Rafizi Ramli on the beleaguered Sapura Energy Bhd, the former has once again called on Petronas to step in and rescue the integrated oil and gas giant that is saddled with debts of more than RM10 billion. This is despite Petronas denying that it was having any talks to take up a stake in Sapura Energy.

Najib has stated that if Petronas steps into Sapura Energy, it would not cost the government "a single sen". Such an inference is wrong.

Petronas' sole shareholder is the government. If Petronas steps into Sapura Energy, isn't this tantamount to the government taking an indirect stake in the oil and gas company?

Petronas cannot be treated as a separate entity from the government for a multitude of reasons.

Key board positions at Petronas are all appointees of the government. The prime minister personally determines the appointment of the president and chief executive of Petronas. Najib of all people should know that, as he appointed Tan Sri Shamsul Azhar Abbas as president and chief executive of Petronas on Feb 4, 2010, replacing Tan Sri Hassan Marican.

The government, to a large extent, dictates the dividend that Petronas declares annually. Apart from dividends, the national oil company undertakes other initiatives at the behest of its sole shareholder.

Petronas has a special arrangement with Tenaga Nasional Bhd to supply gas at subsidised rates because the government wants to keep electricity tariffs low. Petronas undertakes a vendor development programme to build an ecosystem of oil and gas companies to fulfil the government's aspiration of increasing bumiputera participation in the sector.

There are many other initiatives that Petronas takes at the behest of the government. So, how can the national oil company be viewed as a separate entity from the government?

It is similar to how 1Malaysia Development Bhd (1MDB) had always been positioned as a standalone entity even though the federal government was its sole shareholder guaranteeing its debt papers. When the 1MDB debacle exploded, it was the government that was left holding the liabilities and having to service the debts and pay off the principal.

Najib's warped logic that a Petronas bailout of Sapura Energy would not cost the government a single sen must not go unchallenged.