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Don't force Khazanah to divest in haste

HAS the government's investment arm Khazanah Nasional Bhd strayed from its objective?

The government seems to think so. It feels Khazanah has strayed from its original objective of helping Bumiputera entrepreneurs. Is this true?

Over the years, the sovereign fund has been hiving off its assets, including listed companies. Most notably were national car maker Proton and Pos Malaysia. Many years back it also sold a controlling stake in Time dotCom.

Khazanah has also been paring its stakes in several listed government-linked companies (GLCs) such as Tenaga Nasional Bhd, Axiata Bhd, IHH Healthcare Bhd and CIMB Group Bhd. In fact, since 2004, it has made 80 major divestments worth more than RM50 bil.

While it may be Khazanah's objective to hold shares for the Bumiputera until they have the capacity to buy them, it should not be forced to divest for the sake of doing so.

A good example is its 51% stake in highway operator Plus Malaysia Bhd. Why should it divest when it is getting good dividends?

Any divestments must be at arm's length and in the interest of taxpayers. The timing must also be right. And if Khazanah feels it can't find the right buyer at the right price, it shouldn't sell.

It is true that many retired civil servants and politicians are appointed to the boards of GLCs. We agree with the new federal government that this practice must stop. Khazanah has also been guilty of this.

But to be stingy on salaries may mean Khazanah and GLCs may not attract the best talent. Agreed, their salaries may currently be higher than that of civil servants, but if they are not at par with the private sector, they will always end up hiring the second best.

It is no point luring people with promises of performance bonuses when they can always get both performance bonuses and higher salaries in the private sector.

We must acknowledge that many of the listed companies in Khazanah's stable are doing well because its managing director Tan Sri Azman Mokhtar is known for hiring some of the best talent. CIMB, Axiata and IHH, for example, are doing well in their respective fields not due to government backing but because they are able to compete in the marketplace. FocusM

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