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Government in business

GOVERNMENT agencies embarking on business ventures is always a tricky prospect.

On the one hand, there is good reason for it – the agency gets to take advantage of some of its existing assets by commercialising them and using the profits to fund the agencies operations. This in turn would reduce the strain on government coffers.

However, going by some experience in the past in Malaysia, this journey to profits can have disastrous results. Recent examples of these are the cases involving the Federal Land Development Authority (Felda) and Mara Inc Sdn Bhd.

In Felda's case, the group's listed unit Felda Global Ventures Holdings Bhd (FGV) has been investigated for a few of its deals, including that of Cambridge Nanosystems Ltd, which produces high-grade carbon nanotubes and grapheme. This company has

lost at least RM117mil in the last four years. The Malaysian Anti-Corruption Commission (MACC) is also investigating a Felda subsidiary's purchase of a four-star hotel in the affluent Kensington district of London.

In the case of Mara, the MACC had called up many people in its ongoing investigation into the former's property purchases in Australia. The case was highlighted after Australian newspaper *The Age* alleged that a high-ranking Mara official, another senior official and one other person had colluded to overspend government funds in buying a block of apartments in Melbourne.

Hence, it is no surprise that when Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi officiated at the launch of FRIM Inc, a subsidiary of the Forest Research Institute of Malaysia this week, he advised against deviating from its core business.

He said the management of FRIM Inc should not just consider personal interests by creating multiple investment branches for profit. In particular, Zahid said he does not

want to see FRIM Inc putting up or buying hotels abroad. He said he was not making a reference to any particular organisation, but added that things get ugly when "people become greedy for personal interest".

Sound advice indeed.

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