



## Persatuan Pengguna Pulau Pinang Consumers Association of Penang

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### Press Statement

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#### Reasons why KWAN should not be touched

The Consumers Association of Penang (CAP) is shocked that the government has used its emergency powers to tap into the National Trust Fund (KWAN) for vaccine expenses on 21 April 2021. A new subsection was added to KWAN Act which permits the use of KWAN funds for “the procurement of vaccines and any expenditure incurred in relation to the vaccines for an epidemic of any infectious disease as specified under the Prevention and Control of Infectious Diseases Act 1988 (Act 342)”.

With this insertion, there will be a serious implication for the democratic process on the use of the fund. It demonstrates how easily legislation can be amended without debate in parliament using the Declaration of Emergency implemented in January 2021. It renders the entire nation’s future vulnerable with the decision of only a few people and without proper discussion on the issue.

The objective of KWAN is to ensure that future generation also enjoys the benefits from depleting resources like oil and gas. It should not be squandered by the present generation.

On 27 April 2021, Coordinating Minister of the National Covid-19 Immunisation Programme, Khairy Jamaluddin, explained that of the RM5 billion amount to be taken from KWAN, RM3 billion will be used for vaccine procurement and RM2 billion for other expenses incurred in implementation of the immunisation programme.

We are duly concerned because Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz had stated that KWAN’s asset value was RM19.5 billion as at 31 December 2020. By using RM5 billion from KWAN would mean using 25.64 percent of what it had accumulated over more than half a century for the vaccination.

KWAN is similar in objective as Norway’s oil fund which was meant for the future generations. Norway’s oil fund is considered one of the world’s largest funds amounting to NOK11.08 trillion (RM5.48 trillion) which has been invested in more than 9,000 companies worldwide and other forms of prudent investments.

The government should not treat Petronas as an inexhaustible kitty bank because according to a 2019 report, Malaysia’s oil and gas reserves are expected to last only another 10 years, based on the annual average production rate.

While the government is happy with Petronas role in the economy, it is ignoring the fact that the entire world is weaning away from fossil fuels which are contributing to environmental pollution. Such a move is in accordance with the Paris Agreement in which 194 states and the European Union have signed the Agreement as of March 2021 which requires countries to actively develop new technology to help cut global emissions and to cooperate in the seamless transfer of the technology to other countries.

Although it may not eliminate the use of fossil fuels altogether, it is going to negatively impact on its overall consumption. Therefore, Petronas will inevitably face challenging times as the world turns towards renewable energy sources.

We urge the government to declare the contributors to KWAN besides Petronas because the law allows for “all grants, donations, endowments, gifts, contributions and bequests” made by “any person or authority whose business includes the research or development of a depleting resource”. The reason is that, till now, it has not been revealed from what other sources is KWAN deriving its funds. Since the funds are meant for the future generations, the public needs to know how the funds have been invested and how it will be spent.

Is the timber industry contributing to this fund because our forests are a ‘depleting resource’ and, according to the United Nations Environment Programme World Conservation Monitoring Centre (UN WCMC), Malaysia exported USD5.5 billion (RM22.53 billion) worth of wood products in 2018 alone.

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