

PM on what Government expects **Privatising for the public good**

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HUALA LUMPUR, Sat. — The Government wants all its privatised agencies to operate as profitable enterprises, serve the needs of the nation and at the same time provide for the well-being of their workers.

The Prime Minister said today that while the Government guaranteed that its employees would not suffer salary-wise under privatisation, the new-corporations should ensure that salaries and dividends to shareholders were balanced with the companies' management costs and future investments.

Datuk Seri Dr Mahathir Mohamad said the inability to maintain this had been one reason for the financial troubles of many Government-owned companies.

"It would indeed be shameful if a privatised corporation fails in the end and then applies to be re-acquired by the Government or asks for Government protection," Dr Mahathir said when launching Tenaga Nasional Berhad at its headquarters here.

He said the primary objective of privatisation was to increase productivity, which would result in higher profits without having to impose higher tariffs on consumers.

A corporate body should not only have efficient management but also have dedicated staff who were ready to work hard to increase productivity.

He said the wages of employees should only be increased in line with an increase in productivity,

which would in turn increase the earnings of the company.

Dr Mahathir said public utility services like the National Electricity Board (NEB), Telecoms and airports had huge assets that had been accumulated over many years.

If the current value of assets was taken into consideration, the cost to the new owner would be so high that the return for every ringgit of capital would be too small to attract investment.

Dr Mahathir said this meant that an element of subsidy existed in privatisation, although the Government did not have to make any payment.

He said that in the acquisition of assets, the Government in the past merely obtained an operational profit which was too small a percentage compared with the current value of its assets.

But, he pointed out, in the case of the NEB, it

□ MORE POWER FROM GAS: P3

had made a high operational profit from the reduced cost of fuel oil.

When the cost of fuel oil was increased several years ago, the NEB raised its tariffs but did not reduce them when the cost was lowered, he said.

The Prime Minister said the greatest challenge for Tenaga Nasional was to provide consumers with a high quality and safe service at a reasonable cost.

It was the hope of consumers that the privatisation of the nation's power house would enable them to enjoy a better and more efficient service without having to pay high rates.

"The Government is confident that the staff of Tenaga Nasional will not disappoint, particularly

★ PLEASE TURN TO P3, COL 4

Tenaga told to 'tackle higher oil cost

★ FROM PAGE ONE
ST - 2 SEP 1990

consumers and the nation." Dr Mahathir said consumers would definitely hope for a better quality of service and for tariffs to remain at a reasonable level.

Tenaga Nasional should therefore ensure that the rates were stable and not a burden to consumers.

Dr Mahathir also called on Tenaga Nasional to find ways to overcome any problem caused by an increased price of oil as a result of the Gulf crisis.

He said an electricity supply department had been set up to act as a supervisory agency for the industry in the country.

"The Government would like to emphasise here that the relationship between the electricity supply department and Tenaga Nasional should take into account the interests of all — consumers, the company and the nation," he said.

He said Tenaga Nasional was expected to make a capital investment of about \$20 billion until the year 2000. Another challenge for the new privatised corporation would be to find sources of finance and implement major projects to meet the increasing demand for power supply in the country.

There was also a need for Tenaga Nasional to train its skilled employees in this world of rapid technological progress.

Research and development, Dr Mahathir added, must be strengthened to produce innovative ideas that would increase productivity and corporate performance.

The success and achievements of Tenaga Nasional in the future would be an example for the Government to continue with its privatisation programme, he added.

Also present at the ceremony were Energy, Telecommunications and Posts Yirirter Datuk Seri S. Samy Vellu, Cabinet Ministers, Deputy Ministers, key Government officials and local and foreign dignitaries.