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A fair business environment for all

Datuk A. Kadir Jasin

THE capitalistic notion that competition is good is not always correct. And customer is not always king, either.

For competition to bring maximum benefit to consumers, a fair business environment has to prevail.

Government may not be good at doing business, but the bad government business is not necessarily bad for the consumers. Hence, privatization is not always to the advantage of the public.

Take telecommunications as an example. Partial privatization of Syarikat Telekom Malaysia Bhd may have reduced the need for government funding and given the company greater flexibility to conduct its affairs.

In the last few years, Telekom has emerged as one of the largest and most active Malaysian companies to invest abroad. This would not have been possible had the company remained a government department.

On the other hand, going by the number and types of complaints against the company in the newspapers and elsewhere, one wonders if privatization, independence and growing competition from other players have improved Telekom's competitiveness and efficiency.

It is even ironic that much of the complaints should centre on very basic issues - slowness in responding to reports of faulty lines, delays in installing telephone and fax connections, and miscommunication among departments and staff of the company.

Had it not been for the fact that telephone tariffs and charges are still regulated by the Government, there might even be more complaints against the national telephone company and other service providers for inefficiency.

But privatization and liberalisation of the telecommunications industry are not without benefits. With other providers now offering some of the services previously monopolised by the national telephone company, consumers can at the very least compare the efficiency of Telekom with these new entrants.

Also, had it not been for the participation of these new service providers, the country might not have been able to progress as fast as it has done in the last few years.

The introduction of cellular telecommunications is revolutionising the way we work, do business and socialise - something that was slow to develop when Telekom was a government department and telecommunications was a state monopoly.

But competition and variety do not always lead to value-added and increased productivity. There will be providers who will put scruple and sense of responsibility on the back seat by appealing to the baser aspects of human needs and tendencies.

The "600" line is a case in point. While the benefits to users are limited, the charges imposed are exorbitant. It can cost as much as RM1.95 per minute to make one of these calls. And for what? Listening to pop music, jokes, looking for dates and other frivolous pursuits.

These services not only burden the subscribers, but could produce negative impact on teenagers and young persons who are most likely to curi-curi making these calls.

This is certainly not what the Prime Minister Datuk Seri Dr Mahathir Mohamad had in mind when he encouraged Malaysian companies to launch telecommunications satellites.

He had in mind more productive things such as technology-driven development, the Multimedia Super Corridor, the information-rich society and electronics government.

Broadcasting is another area where the benefits of liberalisation and competition can be in the negative.

While on the one hand operators have to compete for programmes to feed the rising number of stations and networks and the longer broadcasting hour, on the other hand they have to minimise cost to become viable.

For terrestrial stations, their principal source of income is advertisement. With less than 50 per cent of advertising expenditure in the country going to TV and radio, competition is increasing among broadcasting entities.

For pay TV, including those using satellite broadcasting, the source of revenue is subscription. The current rate of subscription and installation fees is beyond reach of most households.

While more money has to be spent on buying programmes, the scope of raising revenue is limited by the amount of advertising expenditure (Adex) which more stations have to compete for.

To make profits or just to break even, they have to minimise cost. This leads to the tendency of buying cheap "canned" programmes from abroad. Even the production of local programmes is under threat of cost-cutting.

In a recent case, a pay TV station paid RM10 million to a foreign supplier for a three-year supply of two international sports programmes when a local terrestrial station had for years been paying RM1.25 million for the same programmes for three years.

While more foreign exchange flows out of the country, the viewers of the terrestrial station, who run into millions, may one day lose the right to watch these high-class sports programmes as their broadcasting rights are taken over by the pay TV.

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