

14/05/1997

Govt committed to Bakun project: PM (HL)

Jailani Harun; Anita Gabriel

THE Government is fully committed to ensuring the success of the RM13.6 billion Bakun hydroelectric project and will give it every support needed, Prime Minister Datuk Seri Dr Mahathir Mohamad says.

Speaking at the underwriting ceremony for the Kuala Lumpur Stock Exchange flotation of Bakun Hydroelectric Corp Bhd (BHC) in Kuala Lumpur yesterday, Dr Mahathir said he hopes the underwriters will feel reassured by the Government's support.

A consortium of 54 financial institutions, led by Commerce International Merchant Bankers Bhd, is underwriting the initial public offering (IPO) of 375 million new BHC shares at RM2 each.

The Bakun project is another product of Malaysia's privatization policy and the fact that it has been handed over to a private company, Ekran Bhd, does not make it any less of a national project, Dr Mahathir said.

"Some people think this is a private sector project and that it has nothing to do with the Government. (But) this is a national project, (so) it is necessary of course (to support it) because we are responsible.

"We are going to see that this project is completed. The Government backs its (privatization) projects... we don't allow things to just slide," he told reporters later.

"Bakun is a sure thing but will take time to complete," he said, adding that the project will make a lot of money when operational.

The Prime Minister said the Government took time to approve the project because it is not something which the private sector could handle all by itself.

"And we gave a letter of comfort (for the project)." Asked if his earlier statements of the Government's commitment to the project were due to a lack of interest to underwrite the flotation exercise, the Prime Minister said:

"I don't see any difference in this case... There were 62 underwriters for the Tenaga Nasional project. So, (this means that) people can come in and underwrite if they want to. We have no doubt that this would get the support of the public."

As for the detractors, there will always be "people who have nothing to do except to say and write things which are negative," he said.

In reply to a question from a foreign reporter on the submarine cable link between Bakun in Sarawak and the Peninsula, Dr Mahathir said:

"We have tried many things that other people have not, and they all seem to be successful. So, I think we know something about what we are doing, and we decided to have a 600km long cable because we have already done a very careful study (on it)."

Although the Government had repeatedly explained the rationale for the project, certain parties with vested interests, especially non-governmental organisations and the foreign media, continued to criticise it, he said.

Asked to hazard a guess on how the BHC shares will do on the stock market, Dr Mahathir said he believes they will perform well following a "warming up period".

At the underwriting ceremony, Dr Mahathir said the private sector has shown that it is able to carry out projects in an efficient manner and Ekran was chosen to undertake the project as it has a record of completing things on time.

This, he said, is essential as any delay in such a big project will result in cost overruns.

"If I had it my way, this dam would have been built in 1976 when I was the Deputy Prime Minister. I had approved it (then) but unfortunately, as the Deputy Prime Minister, one can approve but it does not have to be carried out," he said, with a smile.

Back in 1982, when the Government first adopted the privatization policy, it had "little idea" of the whole concept as "...there were no good models to follow and we had to devise our own approach and method... and were fortunate that the early attempts were successful," Dr Mahathir said.

However, the Government's privatization policy is not an "abdication" of its responsibilities to provide facilities to the people.

"I am quite sure without privatization we would not be where we are," he said.

Also present at the ceremony were Energy, Telecommunications and Posts Minister Datuk Leo Moggie, Works Minister Datuk Seri S. Samy Velu and Securities Commission chairman Datuk Dr Munir Majid.

On Tenaga's IPO in 1992 when an even larger number of underwriters was involved, CIMB chief executive and managing director Robert Cheim said: "At that time, based on the issue price of RM4.50 per share, Tenaga's market capitalisation was only around RM14 billion. Today it has grown to approximately RM36 billion."

At the IPO price of RM2 per share, BHC will initially be capitalised at RM3 billion, which will further be increased when it completes a rights issue sometime before January 1 1999.

The flotation of BHC under the listing guidelines for infrastructure project companies is expected to take place by end-July or early August.

Its major shareholders are Ekran (32 per cent), the Sarawak State Government (19 per cent), Sarawak Electricity Supply Corp (9 per cent), the Employees Provident Fund (5 per cent) and Tenaga (5 per cent) and Khazanah Nasional Bhd (5 per cent).

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