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A milestone for port and nation

SEND some bouquets to Kelang Container Terminal (KCT). Its record-breaking container throughput for the year has set a new milestone for the country's shipping sector. No other port in the country has achieved the equivalent of one million TEUs (20-foot equivalent units) in a single year. KCT's performance also clearly reflects the success of privatization: it was the first port operations under the Klang Port Authority to be handed over to the private sector by the Government under the programme.

Not many people would remember how intense the opposition was when the port's container terminal was earmarked for privatization then. It was the mid-1980s and the country was still smarting from the effects of the global recession. Privatization was a relatively new concept for Malaysia, introduced by Datuk Seri Dr Mahathir Mohamad, who was in turn a relatively new Prime Minister then. The trade unions were against it, the employees were opposed to it, and the Opposition politicised the decision with glee. But KCT never looked back from 1986 - it set milestones one after another. KCT employees went on to enjoy better pay, apart from perks they could never have dreamt of being part of a statutory body. By the late-1980s and early 1990s, trade unions and workers in other ports were demanding to be privatized.

The Government's privatization programme has moved along rapidly since then, involving some of the biggest names in the Malaysian corporate scene today. Unfortunately, some of these projects did not do as well as KCT. Indah Water Konsortium (IWK) became the first and only privatized entity to be sold back to the Government recently. The Minister of Finance Inc paid RM192.54 million to take back the company from Prime Utilities. IWK had taken over the country's sewerage treatment services in 1994 but never really got off the ground. It was laden with debts amounting to some RM700 million despite the Government pumping in nearly RM1 billion last year. The failure of IWK has been attributed by many to inherent issues but all is not lost: the Government has received proposals from private sector concerns keen to assume the running of IWK's operations.

Still, success stories far outnumber the ones about those which stumbled. The national car project, the highway and expressway projects, the privatization of the telecommunications industry, the creation of independent power producers, and the transfer of government equity in various public-listed companies to private investors all speak well for the programme. And the opportunities and benefits have been enjoyed not just by the Bumiputeras, but by all. In most cases, the consumers are generally happy with the better services and more competitive prices they have to pay the privatized entities. In many cases, they were provided with totally new services that were not possible before for one reason or another.

At the end of the day, however, it takes only one bad apple to spoil the whole bunch and cause a nagging doubt to linger at the back of everyone's mind. KCT will go on to record 1.5 million TEUs and then 2 million TEUs in a year, but such phenomenal success can be overshadowed by the collapse of a totally unrelated project the comes under the same Government privatization programme. Whether a privatized project fails because of poor management, disgruntled employees or pure bad luck, a case study of the experience will help. In the case of IWK, an in-depth investigation on

why the project did not perform as expected will help the next party who takes over to avoid the same pitfalls. Similarly, the authorities concerned must search for the formula that made KCT work so well. Such findings can help the authorities finetune the privatization concept itself and also breed more success in future.

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