

Dr M: Govt has a role to play

STAR - 6 MAR 2002

DATUK Seri Dr Mahathir Mohamad said yesterday that the government has a role to play albeit the current thinking that governments are superfluous and that the capital market should be left to regulate itself.

"The market is not free from the corruption of power if power is given to it exclusively," the prime minister said at the *KLSE Corporate Awards 2001* presentation in Kuala Lumpur.

Dr Mahathir said there were cases that had made a mockery of the belief that markets could regulate themselves and even discipline governments.

"The market needs the government because the market is all about making profits while the government is concerned about the well-being of the people and the country as a whole," he said.

He said a corruption-free government and properly regulated and transparent private sector would give the best results, as they would ensure rapid growth of the country.

"But this is too much to expect. The government will have to be checked by the private sector through refusal to invest and the private sector will have to endure the regulations and supervision of the government," he said.

He also said that the last financial crisis had showed the weaknesses and the malpractices of many public companies and yet some companies had been so well managed that the crisis hardly affected them.

He said the tycoon mentality, which had contributed to the very rapid growth of some corporations and conglomerates, was not neces-

sarily bad, but the management must always be in accord with good corporate governance.

He said that the government had stepped in to rehabilitate several major public corporations following the difficulties faced, mainly in overcoming loans problems.

He pointed out that if there had been any bailout, it was for the workers, the minority shareholders and the public in general.

"Of course now there is not so much criticism of the Malaysian government's action...but when the same thing happens in countries associated with the foreign press, the need for the government to step in and rescue seems less like a bailout," he said.

Earlier, Mahathir said the *KLSE Corporate Awards* sponsored by the KLSE was commendable as it encouraged high standards in corpo-

rate conduct, boosting investors' confidence and interest in Malaysia.

A total of 12 listed companies - 9 from the main board and 3 from the second board - were yesterday honoured for their excellence in corporate conduct.

The awards from the KLSE include the corporate sector award, as well as the corporate excellence award.

Public Bank Bhd and Malayan Banking Bhd bagged the *KLSE Corporate Excellence Awards* for main board companies, and Computer Systems Advisers (M) Bhd (CSA) and Globetronics Technology Bhd for second board companies.

Public Bank and CSA were the winners of the award for the second year running.

The main board companies that won the KLSE Corporate Sectoral Awards were British American To-

bacco (M) Bhd (consumer products category); Malayan Cement Bhd (industrial products), Road Builder (M) Holdings Bhd (construction), Tanjong Plc (trading and services), Public Bank (finance and closed-end fund), Kumpulan Guthrie Bhd (plantation), Powertek Bhd (infrastructure project companies) and AIC Corp Bhd for the technology category. There were no winners for hotels, property and trusts as well as mining sectors.

As for the second board companies, the sectoral award winners were Ireka Corp Bhd from construction/property/plantation category, CSA (trading and services) and Globetronics for the technology category. There were no winners for consumer products and industrial products.

KLSE executive chairman Datuk Mohd Azlan Hashim said the awards recognised public listed companies which established and practised a greater degree of accountability to shareholders and investors.

Azlan said that corporate conduct had become a key investment criterion with investors willing to pay a premium for capital issues of companies with quality track record for excellence corporate conduct.

A total of 72 companies were shortlisted from the public opinion poll. After applying the elimination process based on a set of criteria developed by the independent adjudication panel, 43 companies were picked for the detailed adjudication process.

The KLSE corporate sectoral awards covers 16 sectors compared with 14 previously.