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All eyes on the Dewan Rakyat

CAPITAL market participants had good reason to show a keener-than-usual interest in the goings-on in parliament which began sitting for this current session in the first week of September. Up for debate was the Kuala Lumpur Stock Exchange (KLSE) demutualisation bill which was scheduled for a second reading to be debated in the august chamber by their Members of Parliament (MPs). This was followed by the presentation of the 2004 Budget proposals by Prime Minister Datuk Seri Dr Mahathir Mohamad, his last before he leaves office next month.

In the event, the demutualisation bill sailed through smoothly and now requires Senate approval before finally getting royal assent to become law.

Winding the debate in parliament, Deputy Finance Minister Datuk Dr Ng Yen Yen said the demutualisation exercise was the culmination of the strategy taken to consolidate the capital market since 1998. She said when the bill makes its passage through the remaining stages, the demutualisation of the KLSE can then be implemented early next year.

The passing of the budget proposals took longer with MPs given eight days of debating time. No surprises were sprung when the package was announced with plenty of 'goodies' designed to reward the 'rakyat' and stimulate various sectors of the economy. Several tax boosts and incentives were incorporated for the manufacturing, agriculture, education, tourism and technology sectors. The largesse did not extend to those expecting corporate and personal income tax. Not surprisingly, smokers and drinkers were hit in the pocket with increased taxes on both items. Tobacco companies, by now quite used to this treatment are not one to easily fret as the inelasticity of smokers' response isn't likely to make much of a dent in their revenues.

One piece of unexpected news that created more than a ripple of interest throughout the rural community is the proposed listing of the Federal Land Development Authority (Felda). It is already the world's largest plantation owner and selling shares would increase government revenue and lure more investors to the KLSE. 'With the listing, Felda will be able to tap funds from the capital market and, therefore will no longer depend on the government for its financial needs,' said Dr Mahathir when tabling the budget.

The timing of the demutualisation exercise therefore cannot come at a more significant time. Felda was mooted by the late Tun Abdul Razak, Malaysia's Father of Development to improve the lot of the rural masses. A modern, efficient and publicly-listed KLSE can see the fruition of his dream and bring it to a higher plane in a way that would do justice to the noble vision of the nation's second Prime Minister.

Demutualisation may hardly feature as a topic of conversation among Felda settlers going about their daily routine of oil palm harvesting but from which a smooth passage in parliament they stand to gain.

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