

No timeframe to reduce gov't stake in GLCs
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The government does not have a specific timeframe to transform state-owned enterprises or government-linked companies (GLCs) into fully commercial companies in the process of gradual transition. National Economic Advisory Council (NEAC) chairperson Amirsham A Aziz, in stating this, said the transformation of GLCs was however needed for the government to become more focused as the country progressed.

"It has always been this kind of pressure for the government to exit from business but no specific time for that. More important is to allow a continuous process of the government in reducing its shareholding," he said.

He was speaking to reporters after delivering a keynote address at the 'Network Meeting on Corporate Governance of State-Owned Enterprises in Asia' in Kuala Lumpur today.

Amirsham said in the Malaysian experience, GLCs undertaking public policy objectives potentially presented a dilemma for long-term growth, hence the call for reforms.

"We have no issue with the government owning shares in companies for investment.

"But we are mindful that left unchecked, the dilemma that GLCs present to policy makers will have a detrimental impact on the behaviour of firms and ultimately, the economy of the nation," he said.

According to him, an overcrowding effect can be a powerful drag to the economy in terms of competition, mindset and standards, mainly due to an overly-protective shareholder.

For long-term growth, Amirsham said GLCs must be given the room to grow and mature, and ultimately over time, become independent and be fully commercially run.

He said the government, meanwhile, must take a more passive role and refrain from the temptation to give preference to its investee companies by virtue of its investment shareholding.

"The involvement of the government should be confined only to the introduction of new sectors such as alternative power generation as this would be highly unlikely for the private sector to take up the challenge on its accord," he added.

Amirsham also said that the government should focus more on governance rather than business.

- Bernama