

New partnership initiative

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KUALA LUMPUR: The Government will promote a new form of partnership with the private sector based on private finance initiatives (PFIs), said Datuk Seri Abdullah Ahmad Badawi.

The Prime Minister said that under such arrangements, the government would save from having to allocate funds up front for certain development projects.

"Private sector promoters will have to structure innovative and bankable proposals that can also help develop the domestic debt market," he said at a dinner with corporate captains and business leaders at the Shangri-La Hotel here last night.

Abdullah, who is also Finance Minister, stressed that the PFI was different from concessions of the past.

"The PFI will be characterised by a fair agreement for both the government and the private sector. I will not allow the government and ultimately, the taxpayers to suffer from lopsided agreements, which give disproportionately lucrative returns to private sector promoters.

"The government will also not easily guarantee or subsidise future concessions, where in the past profits were privatised and losses were nationalised.

"I don't like the idea of bail-outs. There will be no bail-outs," he emphasised.

Abdullah said he believed that the

PFI would entice the private sector into participating in infrastructure development together with the Government

The PFI concept, he added, would introduce greater flexibility in the way the private sector participated, including via arrangements involving build-lease-transfer, build-operate-transfer or build-own-operate.

"Clearly, there is no lack of opportunities for the private sector to participate in Malaysia's economy. The question therefore, is whether the private sector is ready and able to lead the charge again, in order for it to truly assume the role of engine of growth?"

"I believe that we have weathered many crises together in the recent past, and painful as they were, we now need to pull our socks up and move forward."

Abdullah said that prior to the Asian financial crisis, the private sector led the way to Malaysia's phenomenal growth, with private investment exceeding public investment.

"The crisis severely diminished the vitality of the private sector and our economy went into a decline. The Government had to take over the economy, and nurse it back to health and recovery.

"We have picked ourselves up, brushed off the dust from our fall, and started walking again. Now we need to start running.

"The capital controls have lifted, Danaharta has shut, the National Economic Action Council has evolved,

and our capital markets have been liberalised further. Even regulated short selling has been allowed again."

In view of this, he called on the private sector to reassess its role and capacity in transforming the Malaysian economy and prepare for a more challenging economic landscape.

"It needs to revitalise and rejuvenate itself. Businesses and corporations must grasp the opportunities available, enhance their involvement and investment in the country, and jumpstart the growth engines again.

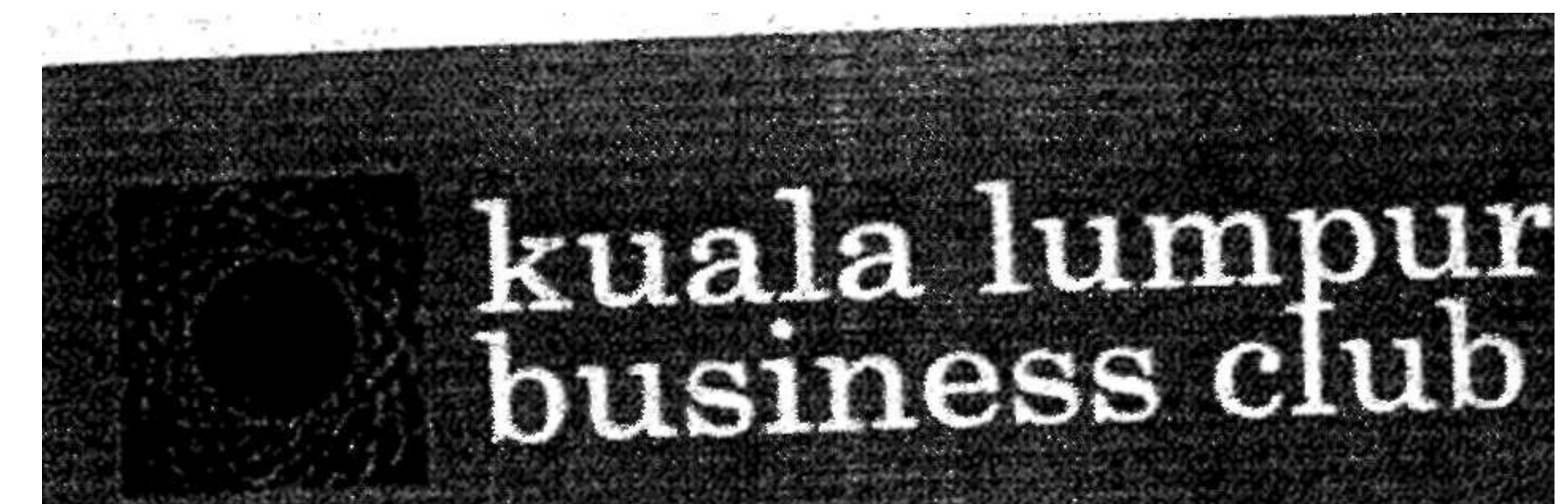
Abdullah said the next five years would determine if the country succeeded in becoming a developed country as envisioned in Vision 2020.

"We are at the half way stage but not quite half way, there. With everything that is happening in the world - escalating oil prices, the rise of China and India, a continued global macro-economic imbalance - the next five years will probably determine whether we'll make it.

"That is why the Ninth Malaysia Plan (9MP) is critical. That is why it is the first stage of the National Mission. If we falter, we will not make it."

Poor implementation, he cautioned, could be the country's undoing, as had often been the case in the past.

"But I will not allow it to frustrate us at this crucial time. I have re-organised the government in order to make civil servants more accountable and ministers, including myself, more hands on," he added.



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