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Tajuk : THE ASIA PACIFIC REGIONAL SEMINAR ON COMMERCIALISATION OF PUBLIC SERVICES
Lokasi : HOTEL ISTANA
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1. It is an honour for me to inaugurate the Asia-Pacific Regional Seminar on 'Commercialisation of Public Services' organised and hosted by APDC and funded by the Commonwealth Secretariat. The topic chosen for this Seminar is timely, now that many countries in the Asia-Pacific region are undertaking, in one form or another, measures to strengthen their private sector and large-scale privatisation of public enterprises and undertakings. I am informed that this Seminar is a follow-up action of the Privatisation Workshop organised by APDC funded by the Commonwealth Secretariat in June 1995.

2. While there is a conscious effort on the part of the many governments in the region to further accelerate the implementation of the privatisation programme, there are others which maintained the state corporations through strategic reforms. For instance, a certain country is interested in completely re-drawing the boundaries of government so that almost all public services are transferred to the private sector and bought in by citizens according to their own choice. Some countries appear to want to maintain the role of the state, but much more efficiently such as through keeping state corporations under public ownership but operating entirely on market driven principles.

However, at present there does not seem to be a consistent understanding nor a coherent global practices of commercialisation. Commercialization of public services has a very wide spectrum, namely:

(i) using relatively simple methods such as the central or local governments contracting-out specific functions to the private sector;

(ii) the Introduction of contractual systems throughout public services (from individual performance contracts to agency citizen charters);

(iii) the introduction of market disciplines such as market testing and internal market purchasing to government departments;

(iv) the reorganisation of government services as cost/profit centres; and

(v) the operation of state enterprises as entirely profit-driven companies owned by the state, where privatisation is considered to be an unsatisfactory option.

Participants may want to discuss these variables.

3. Malaysia took the proactive stance by identifying and motivating public agencies to go 'commercial' and become 'market-oriented'. This is a far cry from Keynesian style economics where Government direct intervention was used to remedy market failure. Innovative ways are being found to make Government agencies want to commercialise. It is increasingly recognised, in this part of the world and elsewhere, that private sector-led growth would ensure higher level of economic success.

4. As Malaysia moved from one stage of development to another, the public services sector is responding to change and adopt innovative ways of doing things.

New administrative and management techniques were introduced including greater emphasis on quality and positive work ethics. The latest development in the public services sector in Malaysia, is the effort to introduce the appropriate ISO 9000 series in management. Since the introduction of the commercialization and privatization policy in 1983, a large number of public agencies has either been commercialised, corporatised or privatised. The concept of commercialisation may not be regarded as part of privatisation in some countries. However, in the Malaysian context, commercialisation is regarded as the first step in the privatisation process of public enterprises. It is the preparatory stage during which a

public enterprise operates in a business-like environment, before being transformed into a full-fledged commercial entity. This would enable the public enterprise to be exposed to market disciplines in addition to hard budget constraints.

A number of public enterprises which are large in size and more complex such the Tenaga Nasional Berhad underwent this stage before being privatised.

At this later stage, user charges may be introduced, followed by commercial accounting and commercial performance objectives.

5. This new development has altered the scope of authority and responsibilities of the public sector, thus requiring significant changes in the attitude and perception of public personnel towards the private sector. This is a difficult task bestowed on public services as they are now required not only to surrender part of their responsibilities to the private sector, which has always been viewed as a profit-motivated group, but also to provide the necessary conditions to facilitate this process.

Therefore, greater effort has had to be made to raise the level of understanding among the public and the private sectors, especially with regard to their respective work culture and ethics. This process has, and will require a long period of adjustment for some.

6. Although in a way there has been significant reduction in the responsibilities of the public sector, however, it will continue to play its important role in providing a more conducive business environment for the private sector, managing the economy more efficiently as well as being the pace-setter and facilitator of new developments. In addition, it will undertake the role of regulating privatised entities with a view to protecting the interests of the general public, especially in terms of standards, quality and user charges.

7. Today, in our region, the success of a public institution, just like any business concern, will depend on strong organisation, human resources and finance. Public enterprises which are commercialised or eventually privatised will have to continuously improve their efficiency and productivity. This is expected to be achieved, among others, through acquisition of modern technology and equipment, improvement in the quality of services and management systems, changes in mindset and working environment. Essentially, public agencies must work together with the private sector to create economic opportunities, facilitate businesses and provide services.

8. However, there is at least one vital difference between a true blue business and a commercialised public agency. For the latter, profits should not be the only aim. Its central theme is still to serve the general public. Its activities should be viable in order to provide better, more widespread and high quality services to the general public.

Thus, while corporatised public entities need to look for innovative ways to deal with the dynamics of commercialisation and competition, they are to retain the basic character and values of the public sector.

9. Commercialised agencies must ensure that the 'people-centred' character of the public sector remains intact. For instance, the quality of public sector services will have to be equal across the board for all. There should be no discrimination in the provision of quality services to the affluent and their poorer cousins. In addition, providing affordable services to the lower income groups should also be a hallmark of commercialised public entities.

10. It is vital that commercialised agencies retain social responsibility and obligation. An appropriate regulatory framework will need to be in place to oversee activities of commercialised or privatised entities, to ensure that they adhere to Government policies, protect the interests of the public as well as fulfil various social responsibilities. Among these obligations include the provision of training, technology transfer, research and development, as well as widespread services and facilities. In short, there will be the need to balance the commercial and social functions.

11. Given the vast diversity of our region, it is natural that no one model of commercialisation will fit all the

countries. But we all can learn from each other. I hope by pooling our intellectual resources on the many issues of commercialisation and sharing the views of the participants and opinion represented by the research and training documents to be used in this Seminar, we can advance our understanding of the role of commercialisation in accelerating growth, promoting structural efficiency, improving productivity and overall profitability of the enterprises. There is the imperative to balance profits with demands for public good which no national economy can ignore.

12. I have great pleasure now in declaring the Regional Seminar on Commercialisation of Public Services open.