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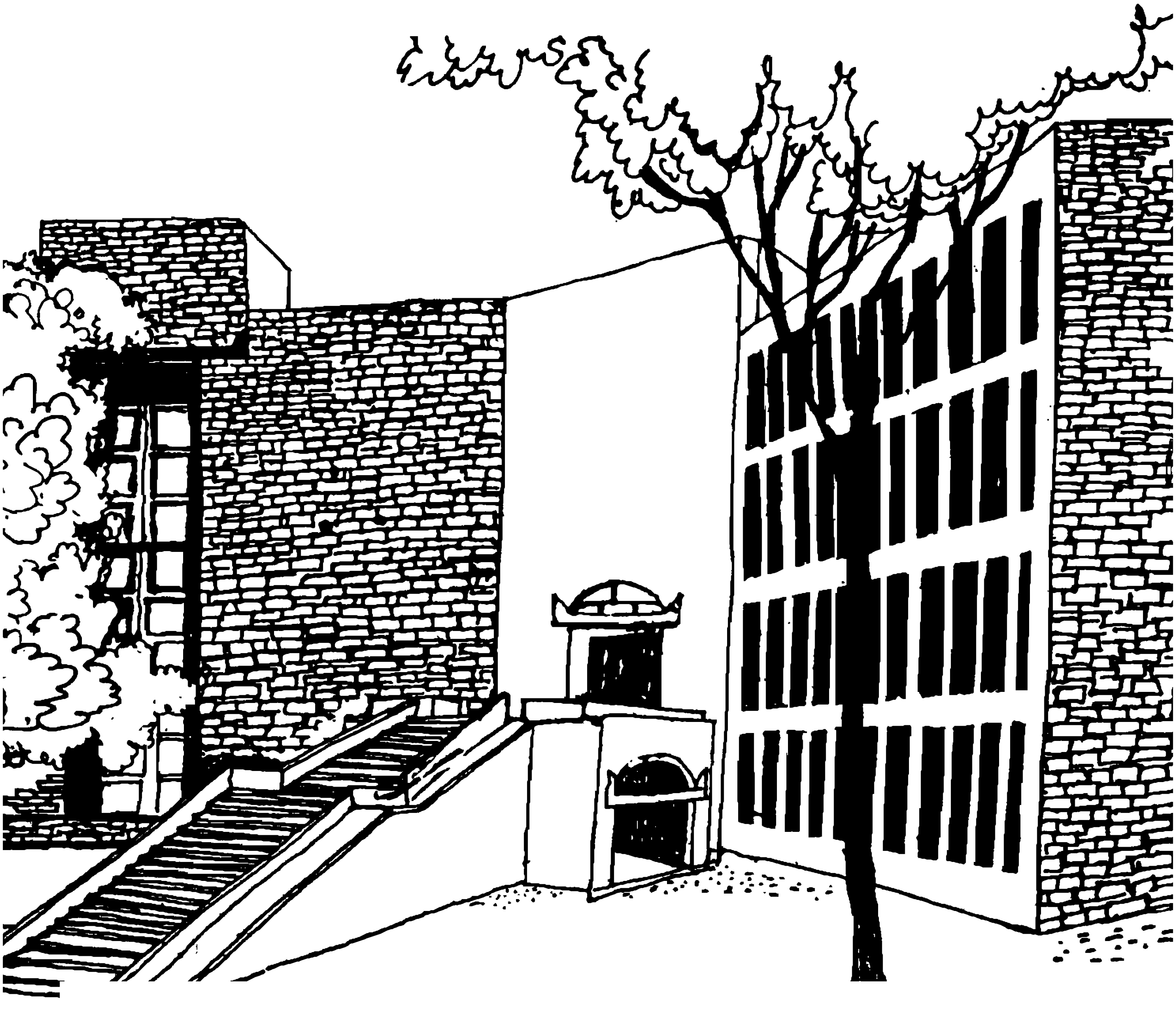

Malaysia's Privatisation Programme

Bakul H. Dholakia
Ravindra H. Dholakia

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MALAYSIA'S PRIVATISATION PROGRAMME

By

BAKUL H. DHOLAKIA
RAVINDRA H. DHOLAKIA

Indian Institute of Management
Ahmedabad

1. INTRODUCTION

Malaysia ranks high among the first few developing countries that launched a large scale programme of privatisation of public enterprises. Malaysia's privatisation policy was first announced in a national policy statement made by the Prime Minister in March 1983. It represented a new approach signalling government's intention to significantly reduce its presence in the economy, to reduce the level and scope of public spending and to allow the market forces to govern the country's economic activities.

In the early eighties, Malaysian economy was dominated by the growing presence of the public sector which was the direct consequence of the proliferation of public entities established to achieve the socio-economic objectives of the New Economic Policy implemented during the seventies. By 1983, Malaysia had about 900 companies established in the public sector and the share of public entities (including the government departments) in the country's total employment exceeded 25%, which was a much greater proportion as compared to what was observed in the neighboring developed Asean countries such as Japan and Singapore. Moreover, by mid-eighties, Malaysian economy had started showing clear signs of getting into what could have possibly turned out to be a deep recession. The overall rate of economic growth had already dropped from an average of more than 6% during the pre-1983 period to a negative growth rate of -1.1% by 1985. Also the country's external debt had been mounting and b mid-eighties it had reached critical levels, which actually meant that the government could no longer afford to effectively pursue an expansionary policy based on the growth of public sector on the required scale to counter the recessionary trends in the economy.

Given this state of affairs, the policy makers in Malaysia were convinced that the strategy of public sector led growth had failed to deliver the goods. It did not provide the required impetus to achieve rapid growth nor did it enhance the economy's resilience to adjust itself to external shocks. Moreover, the poor performance of many state-owned enterprises resulting from inefficiency and low productivity also emerged as major causes of concern. It is in the context of this background that Malaysian government finally decided to embark on a large scale programme of privatisation as a part of their reformulated macroeconomic strategy which aimed at restructuring the economy.

2 CONCEPT OF PRIVATISATION

In essence, privatisation involves the transfer of various government interests or investments to the private sector. More specifically, privatisation can be defined as a systematic transfer to the private sector entities of the activities and functions which are currently or traditionally performed by the public sector entities. This definition would include not only the existing enterprises already owned by the government but also the new enterprises or projects which would otherwise have been in the domain of the public sector.

The transfer of interests associated with the process of privatisation generally involves the following three basic components related to the affected public entity:

(a) Management responsibility;
(b) Assets; and
(c) Personnel.

Conceptually, privatisation must involve the transfer of at least one of these three basic components. But in actual practice, the process of privatisation is said to be incomplete if it does not actually lead to an effective transfer of all the three components.

3. OBJECTIVES OF PRIVATISATION POLICY

Malaysia's privatisation programme has been formulated and implemented by the Economic Planning Unit in the Prime Minister's Department. According to the Director General of the Economic Planning Unit (EPU), "Privatisation is a strategy by the government of rolling back its involvement in favour of freedom, competition, efficiency and productivity."

The privatisation policy of Malaysian government is designed to achieve the following objectives:

1. Relieve the financial and administrative burden of the government;
2. Improve efficiency and productivity;
3. Facilitate economic growth;
4. Reduce the size and presence of the public sector in the economy; and
5. Achieve the National Economic Policy targets.

An important objective of privatisation is to reduce the financial burden of the government. Throughout the post-independence period, the government has incurred substantial expenditures in a number of sectors such as transport, communication, energy and public utilities and several development programmes. The government's commitment to provide adequate resources for a large number of development programmes to ensure rapid economic growth imposed a heavy toll on its financial resources. Moreover, the accelerated growth in the development expenditure together with slow growth in revenue earnings and inflexibility in operating expenditure contributed to a significant increase in the fiscal deficit.

By early eighties, operating expenditure, transfers and debt charges accounted for more than half of the total Federal operating expenditure. The rapid growth of government expenditure far exceeding the growth of government revenue resulted in the widening of the resource gap. This development prompted the government to find new approaches in relieving its financial burden, and privatisation was considered to be one of the most effective and feasible alternatives.

Privatisation is expected to provide the impetus towards raising competition, efficiency and productivity. Government agencies are often constrained by restrictive rules and procedures which affect the decision-making process and the overall efficiency of the public sector undertakings. Moreover, Malaysian Government also felt that protection of several public enterprises from market forces had bred complacency, inefficiency and low productivity. Since it has been argued the world over that the private sector is likely to be more efficient and innovative as compared to the public sector, privatisation was viewed as an effective remedy for this problem.

According to EPU, privatisation policy is expected to contribute to growth by enlarging the role of private investment in the economy and to widen opportunities for private enterprise. Since a substantial part of the activities and public enterprises that would be privatised under this policy were already profitable, this policy would provide incentive for the private sector to acquire assets of such undertakings and make them even more profitable. In fact EPU envisaged that privatisation would act as a catalyst for further economic growth and contribute towards fulfillment of the country's aspiration to become a developed nation. The commercial and profit orientation of private enterprises is expected to provide the thrust for further growth. Moreover, through higher efficiency and the generation of higher profits by the private enterprises, government would also be able to gain additional revenues to finance its development plans. In addition, the privatisation of several new projects will result in further growth, because these projects might otherwise have been shelved due to financial constraints of the government.

An obvious intention of the privatisation policy is to reduce the size of the public sector through the withdrawal by government from active and direct participation in economic activities. During the seventies, Government's role in economic activities had increased rapidly. Its involvement extended beyond the traditional areas of providing of public good and social services, into the area of commerce and industry, resulting in a large public sector. It was felt within the government that this development was not healthy for the economy as a whole. The government, therefore, decided to withdraw its involvement in the Malaysian economy progressively and instead encourage more active private sector participation in the economy.

The National Economic Policy of Malaysian Government is based on the principle of equitable distribution through growth. Privatisation is expected to provide vast opportunities towards the achievement of this objective. While, the number and involvement of Bumiputra entrepreneurs and their participation in various economic activities had been growing since the inception of NEP in 1970, there was an urgent need to achieve further rapid progress in respect of restructuring the ownership pattern in the economy. Privatisation policy would enable many Bumiputras to participate directly or indirectly in the privatisation projects.

4. IMPLEMENTATION OF PRIVATISATION POLICY

An inter-departmental Privatisation Committee headed by the Economic Planning Unit (EPU) under the Prime Minister's Department is in charge of the implementation of government's privatisation policy. This task force on privatisation looks into the overall problems in implementation and monitors the progress of the privatisation policy. For detailed studies relating to individual undertakings, technical committees comprising of personnel from relevant departments and ministries are formed. Based on their recommendations, necessary steps are taken to initiate the process of privatisation of the undertaking.

Since the announcement of the privatisation policy in 1983, 90 public enterprises/projects have already been privatised by December 1993 [*Exhibit 1*]. Of these, 69 represent the cases of take over by the private sector of existing government undertakings, while the remaining 21 represent the construction of new infrastructure projects. The list given in *Exhibit 1* does not include the government companies divested prior to 1983, under the scheme of transferring government's equity in trust companies to Bumiputra. Under this scheme, which was launched in 1981, about 30 government companies were transferred to Permodalan Nasional Berhad (PNB) and thereafter to the Amanah Saham Nasional (ASN) Unit Trust holders; and in addition about 120 small companies were sold to other private sector parties.

It is evident from the information given in *Exhibit 1* that the methods used by Malaysian Government for privatisation of public entities are quite varied. The *Privatisation Masterplan* (1991) prepared by EPU with the help of a consortium of local and foreign consultants has vividly described the following methods to be followed for implementing privatisation in Malaysia.

A. **Sale of Equity** : This mode of privatisation applies to government companies and it results in the transfer of three organization related components, namely, management responsibility, assets and personnel. Sale of equity can either be partial or complete. A complete sale represents a transfer of 100% government equity in a company, while a partial sale represents a transfer of less than 100%. Some examples of privatisation by this method are Tenaga Nasional Berhad, Cement Industries of Malaysia, Sports Toto Malaysia, Malaysian Airline System and Malaysian International Shipping Corporation.

B. **Sale of Assets** : This method can apply to any kind of government organisation, whether it is a company or other type of entity. It may or may not involve the transfer of all the three components. Some examples are Quarries in Selangor, Perak and Pulau Pinang, and Motel Desa SDN BHD.

C. **Lease of Assets** : This method involves the transfer of rights to use assets for a specified period of time in return for specified payments. The length of the period depends on the type of project. For instance, in the case of Port Klang, the length of the concession period is 21 years while in the cases of the North/South Highway and Malaysia Airports BHD the lease period is 28 years and 60 years, respectively. It is usually applicable to fixed assets, particularly if the assets are large and strategic in nature such as seaports and airports. Lease rentals are based on future business prospects and not on the current value of the assets and the payments are calculated on the basis of a stream of income and expenditure flows over the lease period.

For corporatised entities, lease rentals during the initial stages could be only nominal rates applicable for a period of five years or when the entity is privatised, whichever is earlier. After such initial period is over, the lease rentals are based on the market rate. Some examples are Institute Jantung Negara, Shah Alam Abbattoir and Syarikat Printing Malaysia.

D. **Management Contract** : This method of privatisation involves contracting of private sector manage expertise to management government entities for a specified fee. It entails the transfer of management responsibility and generally may not involve transfer of personnel. This method does not involve any transfer of assets. An example of this method is the privatisation of the management of water treatment plant at Semenyih Dam.

E. **Built-Operate-Transfer (BOT) and Build-Operate (BO)** : BOT is applicable for privatizing new projects such as roads and water supply projects. It involves the private sector constructing the facility using its own fund, operate for a concession period and later on transfer it to the government. BO is similar to BOT but does not involve the transfer of facility to the government. Both BOT and BO are accompanied by a grant of a license and/or concession. Some examples are Jalan Kuching/Kepond Interchange, North/South Highway, Second Crossing (BOT) and TV3 (BO).

Based on the Privatisation Master Plan, the EPU drew up a Privatisation Action Plan (PAP) in 1991 to give the necessary momentum to Malaysia's privatisation programme and to ensure its systematic and organised implementation. The formulation of PAP was based on a detailed analysis of 424 government owned entities, out of which 246 entities were privatizable according to the external consultants who were engaged to determine the feasibility and desirability of the privatisation programme. These 246 entities were then classified into three categories, viz., Category I consisting of those privatizable in the short-run (within 2 years), Category II consisting of those privatizable in the medium term (2 to 5 years), and Category III consisting of the remaining entities which are privatizable in the long term (more than 5 years). A broad classification of these 246 privatizable entities along with some information on the assets and the number of workers involved is given in *Exhibit 2*.

To manage the successful transfer of business from the public to the private sector in line with the stated objectives of privatisation is a lengthy and complex process. It usually takes one or even two years for the process to be completed. Even though the policy of privatisation was officially adopted in 1983, most of the privatised projects listed in Exhibit 1 were accomplished only recently. Hence, most of the privatised companies are undergoing transitional stage of reorganisation and restructuring and it would take some time before one could see changes in their performance. However, the fact remains that the public sector decision making process gives more emphasis on social and political aspects and is not oriented to maximisation of profit and the needs of the market place. To that extent, privatisation of public organizations is expected to achieve desired results in accordance with the stated objectives of privatisation policy.

Commenting on the success of privatisation programme of Malaysian Government, Tuan Haji Mohd. Hanafiah Omar, the Head of the EPU's Special Task Force on Privatisation, recently said, "By international standards, Malaysia's achievement in implementing this policy is quite credible but much remains to be done to strengthen the programme. We have not undertaken any official assessment yet as it is too early. We want these entities to go through the motions for a couple of more years, but the records show very encouraging signs."

5. ISSUES IN IMPLEMENTATION

Several issues are involved in the implementation of privatisation programme. Legal aspects including amendment of existing laws or enactment of new laws, need to evolve appropriate regulatory framework, policy decisions regarding the affected personnel, valuation of assets and equity, capital market related issues, participation of Bumiputras and foreign participation in privatization of specified public enterprises, are some of the major issues that deserve careful attention while designing a well thought out implementation strategy for privatisation programme.

In Malaysia, the government has already amended a number of laws which could have posed serious unintended obstacles to the privatisation programme. The Pensions Act (1980), the Telecommunications Act (1950), the Port Authorities Act (1963), and the Electricity Act (1949) are some examples of the laws that have already been amended to facilitate smooth implementation of privatisation programme. Moreover, through deregulation the government mainly intends to allow the maximum practical degree of competition in privatized industries so that free play of market forces would dictate economic decision making in such industries. However, in certain cases of natural monopolies, where introducing effective competition may not be an economically viable proposition, suitably designed regulatory framework has to be evolved and effectively introduced primarily to act as a substitute for competitive pressures. The main purpose of such regulatory bodies is to ensure that consumers' interests are protected especially with regard to price, quality and availability of the products or services involved. It should be noted that while deciding on the regulatory framework, delicate balance has to be maintained between protecting consumers' interest on the one hand and ensuring that the privatized entities enjoy the commercial freedom required to improve efficiency on the other hand. The regulatory bodies already created to monitor the telecom and energy sectors represent good examples of the intensive thinking that has gone into the implementation of privatization programme in Malaysia.

Sale of equity associated with privatization requires appropriate valuation of the amount of equity to be sold. Some of the standard methods of equity valuation considered in Malaysia are the Net Tangible Asset (NTA) method, the Price-Earnings Multiple (PE Ratio) method, and the Discounted Cash Flow (DCF) method. So far the Malaysian Government has used the second and/or third methods for valuation of equity mainly because these two methods take into account the future earning prospects of the privatized entity duly incorporating the opportunities as well as the constraints implicit in market-oriented operations.

It is evident that the larger the size of public sector, the larger will be the burden that privatization would exert on the private sector's financial resources. Hence, a necessary pre-condition for a successful implementation of the privatization programme is the development and strengthening of the country's financial sector including the stock exchange which will have to play a major role in mobilising private financial resources to raise the required debt as well as equity capital. In Malaysia, the government has paid considerable attention in streamlining and strengthening the Kuala Lumpur Stock Exchange (KLSE), which has, therefore, been able to effectively absorb the impact of the deepening and the broadening of the equity base resulting from the privatisation of large public enterprises such as Syarikat Telekom Malaysia Berhad and National Electricity Board.

As already noted above, one of the objectives of Malaysia's privatisation policy is to achieve redistribution of wealth by restructuring economic activities so as to increase the active participation of Bumiputras in the corporate sector of the economy. To fulfil this purpose, the government has used the privatization programme as an effective vehicle to provide greater opportunities to Bumiputras to get actively involved in the privatisation process. In fact, the absorptive capacity of the Bumiputras has sometimes acted as a constraint in the implementation of the privatisation programme. To enhance the absorptive capacity of Bumiputras, the government has systematically promoted and encouraged effective collaborations between large local institutional investors and individual entrepreneurs as well as companies.

Finally, the nature and extent of foreign participation in the privatisation programme would always remain a crucial issue that needs to be resolved. In malaysia, the government has decided to consider foreign participation in the following type of cases :

i. Where their expertise is needed to upgraded efficiency and such expertise is not available locally;
ii. Where their participation is necessary to promote the export market;
iii. Where the supply of local capital is insufficient to absorb the shares offered; and
iv. Where the nature of business requires global linkages and international exposure.

Foreign participation in a privatized entity is limited to a maximum of 25 per cent of its share capital. For projects of strategic and national importance, foreign ownership will have to be widespread in nature so as to ensure that no one foreign party will have undue influence on the company.

6. IMPACT OF PRIVATIZATION PROGRAMME

Having discussed various aspects of Malaysia's privatisation programme, it would be interesting to review briefly the overall impact it has had so far on the Malaysian economy.

By and large the privatisation programme seems to have been implemented fairly successfully and it can also be said that it has facilitated Malaysia's remarkable economic recovery especially after 1989. Privatisation has influenced overall economic growth directly as well as indirectly. The direct impact has been through several BOT projects undertaken and effectively implemented by private sector companies or entrepreneurs using their own resources, which has not only augmented the rate of investment in the economy, but has also enhanced the development of basic infrastructure required for industrial growth. The indirect effect has been partly through the efficiency gains resulting from privatisation and partly through the release of public resources that would otherwise have been locked up in these enterprises. For instance, a study made by the EPU shows that prior to the privatisation of Klang Container Terminal, the average turnaround time per vessel was 11.7 hours which declined to 8.7 hours per vessel after two years of privatisation; and similarly the average length of time for which each container remained in the dock declined steeply from 8 days to less than 3 days.

There is clear evidence to show that the government's financial burden has been reduced considerably as a result of successful privatisation of several entities. The one-time revenue accruals from the partial sale of equity in government enterprises have so far yielded RM 8.6 billion. Moreover, the government has been able to reduce its current expenditure to the tune of RM 4.8 billion directly on account of saving of operating expenditure it would have otherwise incurred on the entities that were privatised. Also, the estimated cost of BOT projects implemented so far has been RM 37.7 billion and it is obvious that in the absence of privatisation, the government would have been required to bear at least a part of this cost in its annual budget. Corporate tax collections have also shown a rising trend in recent years partly on account of higher corporate taxes paid by privatised entities. As a result, the overall fiscal position in the annual budget has recovered significantly after 1990, with the year 1993 showing a small fiscal surplus rather than a large deficit as in earlier years (*Exhibit 3*).

Privatisation programme has helped the government to cut back the growing size of public sector work force. During the last few years, privatisation has led to a reduction in the public sector work force by over 86 thousand. Moreover, the programme has also helped to increase Bumiputra participation in the corporate sector. *Exhibit 4* provides information on the relative share of Bumiputras in corporate investment during the period 1985 to 1992. Finally, it is also evident that privatisation has significantly enlarged the security base and volume of transactions at the Kuala Lumpur Stock Exchange in recent years. Currently, the top two companies listed on KLSE in terms of market capatilisation are the telecom and the electricity companies which have been recently privatised.

This paper is based on the published as well as unpublished source material provided by Economic Planning Unit, Government of Malaysia and also on the detailed discussions the authors had with senior government officials in the concerned departments.

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Exhibit 1 List of Privatized Projects As At December 1993			
Sl. No.	Name of the Project	Method	Year
New Projects			
1.	Sistem Televisyen Malaysia Berhad	BO	1983
2.	North Klang Straits Bypass	BOT	1983
3.	Jalan Kuching/Kepong Interchange	BOT	1985
4.	Labuan Water Supply	BOT	1987
5.	KL Interchanges	BOT	1988
6.	North-South Highway	BOT	1988
7.	Labuan-Beaufort Interconnection	BOT	1988
8.	Ipoh Water Supply	BOT	1989
9.	Larut Matang Water Supply	BOT	1989
10.	Menara Kuala Lumpur	BOT	1991
11.	Plaza Rakyat	BO	1993
12.	Light Rail Transportation System	BO	1993
13.	Land Development Project at Lot PT4, Bandar Baru Sentul	Sale of Asset	1993
14.	Second Crossing	BOT	1993
15.	Seremban-Port Dickson Highway	BOT	1993
16.	Paka Power Plant	BOO	1993
17.	Pasir Gudang Power Plant	BOO	1993
18.	Lumut Power Plant	BOO	1993
19.	Malacca Power Plant	BOO	1993
20.	Port Dickson Plant	BOO	1993
21.	Shah Alam Highway	BOT	1993
Existing Projects			
22.	Sports Toto Malaysia Berhad	Sale of Equity	1985
23.	Malaysia Airline System (MAS)	Sale of Equity	1985
24.	RMAF Aircraft Maintenance Depot	Lease	1985
25.	Malaysian International Shipping Corporation Berhad (MISC)	Sale of Equity	1986
26.	Klang Container Terminal	Lease + Sale of Asset	1986
27.	Semenyih Dam	Management Contract	1987
28.	Marketing of Airtime, Radio Malaysia	Management Contract	1987
29.	RISDA Marketing Activities	Management Contract	1987

30.	Tradewinds Berhad	Sale of Equity	1988
31.	Maintenance of Tube Wells, Labuan	Management Contract	1988
32.	Syarikat Gula Padang Terap Sdn.Bhd.	Sale of Equity	1989
33.	Cement Manufacturers Sarawak Berhad	Sale of Equity	1989
34.	Government Security Printing	Lease + Sale of Asset	1990
35.	Shah Alam Abattoir (Swine Section)	Lease	1990
36.	Lori Malaysia Berhad	Sale of Equity	1990
37.	Edaran Otomobil Nasional Berhad (EON)	Sale of Equity	1990
38.	Holiday Villages Sdn. Bhd.	Sale of Equity	1990
39.	Cement Industries of Malaysia Berhad (CIMA)	Sale of Equity	1990
40.	Pernas International Hotels and Properties Berhad	Sale of Equity	1990
41.	Paremba Berhad	MBO	1990
42.	Kumpulan FIMA Berhad	MBO	1990
43.	Sungain Long Quarry, Selangor	Sale of Asset	1990
44.	Kuala Dipang Quarry, Perak	Sale of Asset	1990
45.	Penanti Quarry, Pulau Pinang	Sale of Asset	1990
46.	Syarikat Telekom Malaysia Berhad	Sale of Equity	1990
47.	Borneo Filem Organisation Sdn. Bhd.	Sale of Equity	1990
48.	Peransang Recreation Berhad	Sale of Equity	1990
49.	Water Treatment, Kedah	Management Contract	1990
50.	Langkawi Island Resort	Sale of Equity	1991
51.	Malaysian Syipyard Engineering Sdn. Bhd.	Sale of Equity	1991
52.	Far East Holdings Berhad	Sale of Equity	1991
53.	Perbadanan Nasional Shipping Lines Bhd.	Sale of Equity	1991
54.	Tanjung Jara Beach Hotel Sdn. Bhd.	Sale of Equity	1991
55.	PERNAS Hotel Chain (Selangor) Sdn. Bhd.	Sale of Equity	1991
56.	Motel Desa Sdn. Bhd.	Sale of Asset	1991
57.	Kedah Cement Sdn. Bhd.	Sale of Equity	1991
58.	Delmia Industries Sdn. Bhd.	Sale of Equity	1991
59.	Antara Steel Mills Sdn. Bhd.	Sale of Equity	1991
60.	Sabah Shipyard Sdn. Bhd.	Sale of Equity	1991
61.	Penang Shipbuilding Corporation Sdn. Bhd.	Sale of Equity	1991
62.	National Electricity Board	Sale of Equity	1992
63.	Perusahaan Otomobil Nasional Sdn. Bhd. (PROTON)	Sale of Equity	1992
64.	Kelang Port	Sale of Asset	1992
65.	Malacca Port	Sale of Asset	1992

66.	Penang Municipal Bus Services	Sale of Asset	1992
67.	Syarikat Pesama (K) Sdn. Bhd.	Sale of Equity	1992
68.	Bapema Corporation Sdn. Bhd.	Sale of Equity	1992
69.	Kinabalu Motor Assembly Sdn. Bhd.	Sale of Equity	1992
70.	Perak Hanjoong Simen Sdn. Bhd.	Sale of Equity	1992
71.	Gopeng Bhd.	Sale of Equity	1992
72.	C T Hotel Sdn. Bhd.	Sale of Equity	1992
73.	Utama Steel Works Sdn. Bhd.	Sale of Equity	1992
74.	Zen Concrete Industries Sdn. Bhd.	Sale of Equity	1992
75.	Luchoo Quarry, Johor	Sale of Asset	1993
76.	Mor Quarry, Johor	Sale of Asset	1993
77.	Bukit Jong Quarry, Terengganu	Sale of Asset	1993
78.	Layang-Layang Island Hotel	Lease	1993
79.	Ferry Services, Tanjung Belungkur	Lease	1993
80.	Animal Vaccine of Veterinary Department	Lease + Sale of Asset	1993
81.	Penang Bridge	Lease	1993
82.	National Sewerage System	BOT	1993
Corporatization			
83.	Royal Malaysian Navy Dockyard, Lumut	Corporatization	1991
84.	Postal Department	Corporatization	1992
85.	Malayan Railway	Corporatization	1992
86.	Instit Jantung Negara	Corporatization	1992
87.	Civil Aviation Department	Corporatization	1992
88.	National Printing Department	Corporatization	1992
89.	Johor Port	Corporatization	1993
90.	Bintulu Port	Corporatization	1993

The above list does not include privatization projects which involve divestment of Government companies under the scheme of transferring Government-owned enterprises to Bumiputra.

BO = Build-Operate
BOT = Build-Operate-Transfer
MBO = Management-Buy-Out
BOO = Build-Own-Operate

Source: Economic Planning Unit, Prime Minister's Department, Government of Malaysia.

Exhibit 2

Summary Indicators of the Masterplan Programme

		Agri. incl. forestry	Manufac-turing	Transpor-tation	Utilities	Other Sectors	Total
I	GOEs Involved (Number)						
	Category 1	12	11	9	4	33	69
	Category 2	17	23	10	9	48	107
	Category 3	6	4	2	1	57	70
	Total	35	38	21	14	138	246
II	Employees Involved (Number)						
	Category 1	5681	5415	15640	35551	13091	75378
	Category 2	12400	6592	14615	34137	12776	80520
	Category 3	466	909	502	585	39752	42214
	Total	18547	12916	30757	70273	65619	198112
III	Value Involved ($ Mn.)						
	Category 1	420	327	871	1000	915	3533
	Category 2	1284	515	970	6003	804	9576
	Category 3	3	1308	N.A.	N.A.	1917	3228
	Total	1707	2150	1841	7003	3636	16337

Note :

Category 1 - privatizable in the short term (within 2 years)
Category 2 - privatizable in the medium term (2 - 5 years)
Category 3 - privatizable in the long term (over 5 years)

Exhibit 3

Federal Government Revenue and Expenditure

(RM Billion)

Item	1985	1990	1993
Total Revenue	21.11	29.52	41.23
Operating Expenditure	20.06	25.03	32.32
Current Surplus/Deficit	1.05	4.49	8.91
Net Development Expenditure	6.76	7.93	8.72
Overall Surplus/Deficit	-5.71	-3.44	0.19
Ratio of Overall Surplus/ Deficit to GNP (%)	-7.90	-3.10	0.10

Source: 1. Sixth Malaysia Plan 1991-95.
2. Mid-Term Review of the Sixth Malaysia Plan.

Exhibit 4

Ownership of Corporate Share Capital By Ethnic Groups in Malaysia

Group	1985		1992	
	Amount (RM Billion)	Share (Per Cent)	Amount (RM Billion)	Share (Per Cent)
Bumiputra Individuals & Institutions	9.4	11.3	20.78	15.9
Bumiputra Trust Agencies	6.0	7.2	2.95	2.3
Non-Bumiputra Groups	41.1	49.5	52.33	40.0
Foreigners	19.9	24.0	42.38	32.4
Nominee Companies	6.7	8.0	12.47	9.5
Total	83.1	100.0	130.91	100.0

Source : S[illegible]s Exhibit 3.

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