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IT MAY BE GOOD TIME FOR A RETHINK

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MALAYSIA began an ambitious privatisation programme in the 1980s, aimed at transferring assets into private hands to enhance efficiency. It resulted in increased profits and better-quality products.

Considering the compelling evidence to the contrary, it may be time to reexamine the privatisation policy that has been in place for more than 40 years.

A cursory examination shows that the many entities that were privatised then were providers of essential and critical services such as water, electricity and education.

Before privatisation, these statutory bodies were able to provide essential services at relatively lower costs. However, the costs to consumers after privatisation escalated many folds.

This then begs the question: What are the real advantages to consumers from the privatisation?

A case in point is utility giant Tenaga Nasional Bhd. It is making huge profits and declaring

hefty dividends to the shareholders, even as consumers are left with paying higher bills.

There is little incentive for monopolies that have been privatised to lower prices in the absence of competition as everything can be passed on to the consumers.

Sadly, many of these privatised entities also carried the legacy of the public sector, such as a bloated workforce and sluggish productivity.

It could be argued that greater accountability and more public control over these previous public entities have led to greater efficiency.

It could also be argued that if these monopolies had not been privatised, they would have added substantially to the government's coffers and, indirectly, benefited the people as opposed to shareholders.

Thus, there is an urgent need to establish an independent and transparent institution that oversees the privatisation process in Malaysia. This is to prevent connected elites and cronies from jostling to secure a slice of the privatised entity, often at the

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detriment of consumers.

Some privatised entities lack qualified professionals. Thus, homegrown talent must be nurtured.

The privatisation of the education sector has led to mushrooming of educational establishments but again, instead of developing human capital to help Malaysia become a high-income nation, there is evidence that graduates from these private universities are not meeting market expectations.

Private colleges are commer-

cially driven and profit is the main consideration, with students being treated as customers that must be pleased like consumers of other industries.

The need to appease these students becomes more pronounced with the increasing availability of educational establishments that are competing for the same pool of students.

There may be a serious compromise in academic standards, with some students not acquiring the requisite skills that meet the requirements of both the public and private sectors but are allowed to graduate.

As a result, employers prefer to hire graduates from overseas universities.

Perhaps the time has come for Malaysia to consolidate these institutions and ensure industry-driven graduates are produced.

This can be achieved if Malaysia takes a leaf from other countries where examinations are set by a governing university with high standards. This will ensure private colleges are not able to lower their standards as they need to meet the requirements of the governing body.

Malaysia needs to look at the privatisation policy that it introduced in the 1980s in order to ensure that people can enjoy the full benefits.

There are signs of increased costs to the public with reduced, inferior or costlier services, especially in the education and healthcare sectors.

The government must consider renationalising some of the previously public entities and step up its role in ensuring the well-being of the people.

A case in point is the Berlin water services in Germany that were privatised in the late 1990s but due to public discontent over rising prices and service quality, there was a 2011 referendum to bring water services back into public hands. Its success led to the re-municipalisation of Berlin's water services.

It's time for Malaysians, especially policymakers, to ask if it is time to renationalise some of the entities that have gone private.

The writer was formerly attached to a think tank. The views expressed are his own.