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MoF approves 48 PPP projects

Government to continue with similar projects under new arrangement

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KUALA LUMPUR: Some 48 public private partnership (PPP) projects under the Public Private Partnership Unit (Ukas) that are under review have been approved.

Finance Minister Lim Guan Eng said that the ministry had no intention of cancelling any of the PPP projects.

"At the moment, 48 projects under review have been given the green light to proceed, on the condition that they go through an open tender process," Lim said during his speech at Khazanah Nasional Bhd's Megatrend Forum 2018 here yesterday.

Lim said the projects approved after the review would not only generate additional economic growth, but also raise the quality of growth and leave no space for financial abuse, moving forward.

Additionally, Lim pointed out that Malaysia was not undergoing "austerity" measures, but "smarter spending".

He said the government was adopting a wider application of the open tender process, selective public investments and renegotiating mega-infrastructure projects.

"If there are areas of priority that require spending, we would be more than happy to spend, especially for long-term sustainable growth," Lim said.

He said the government had managed to shave RM5.22bil off the MRT2's total cost of RM56.93bil by rationalising the above-ground portion of the project.

"More savings will be gained when we re-tender the underground segment soon," he added.

Open process: Lim sharing a light moment with Khazanah managing director Datuk Shahril Ridza at the event. Lim says the PPP projects must go through an open tender process.

Earlier, Economic Affairs Minister Datuk Seri Mohamed Azmin Ali said that the government remained committed to growing and breaking out of the middle-income trap to become an advanced high-income economy.

"Malaysia remains stuck in the middle-income trap, as we have not yet been able to transition towards becoming a high-income nation," Azmin said in his speech at the forum.

As of 2017, gross domestic product (GDP) per capita as measured in terms of nominal US dollars had fallen to 9,944 from a peak of 11,183 in 2014.

In order to break out of the middle-income trap, Azmin said this would require a different economic logic for Malaysia.

"The second idea is economic complexity or diversification of the economy, via exports in agriculture, manufacturing or services because exporting to the world requires that whatever goods or services we produce be globally competitive.

"Hence, our economy must be as far along the technology and efficiency frontiers as possible," he said.

He noted that Toyota, Honda and Nissan had emerged from a decision by the Japanese government to diversify its economy and build on its rapidly developing electronics industry.

"Firms also need to move away from being too narrowly focused on chasing short-term profits.

"Short-term thinking necessarily means that companies will hold off on reinvesting for the future, therefore reducing their long-term sustainability and profitability," Azmin said.

"In summary, we must pursue a balanced development path, with policies that enhance inclusion, integrity and sustainability, as well as delivering economic growth for the continued prosperity of Malaysians," he added.

Meanwhile, Azmin said that growth in terms of gross domestic product alone could not be considered successful, unless translated into real benefits for the people.

On foreign investment, he said there's a need to emphasise that while short-term capital inflows may do wonders for the stock market, that would not translate into value creation.

"That is why we encourage long-term foreign direct investment in greenfield investments that would create jobs, boost purchasing power and help create a better economic eco-system.

"Going forward, economic growth will also be driven by the high-tech sectors, underlining the potential of the digital economy in ensuring Malaysia's transition to a high-income and developed economy," he said.

On Khazanah's investment, he said that there would be changes in the investment mandate that would address the current challenges.