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Stamping out Ali Baba culture for the greater good

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Stamping out Ali Baba culture for the greater good

PUTRAJAYA: The "Ali Baba" culture has caused losses estimated at around 1% of gross domestic product (GDP) to the economy, which is why policies and legal strategies will be drawn up to effectively put a stop to such practices, says the Prime Minister.

Datuk Seri Anwar Ibrahim said the "Ali Baba" or rent-seeking culture had a negative impact on the economy and his administration was serious about tackling and putting a stop to such practices.

"The Economy Ministry and the Attorney General's Chambers have been tasked with formulating appropriate laws and to present their proposal to the Cabinet," he said.

This was among matters discussed and agreed upon at the recently-held National Economic Action Council Meeting, which was chaired by the Prime Minister.

In economics term, rent-seeking refers to the behaviour of individuals or companies attempting to

secure state allocations through legal or illegal means, whereby they seek to gain added wealth without any reciprocal contribution of productivity.

In Malaysia, rent-seeking includes the practice of renting businesses owned by locals to foreigners, or foreigners illegally using the business license given to locals.

Anwar cited procurement, licensing, award of permits, quotas, subsidies and grants as among rent-seeking activities which had impacted the economy.

The Prime Minister said the meeting had also agreed to expedite the implementation of the National Energy Transition Roadmap (NETR) initiatives.

He said this was important as the initiatives would act as a catalyst to boost Malaysia as the regional leader in renewable energy.

"Flagship projects and the NETR initiatives are expected to increase

industry participation to explore new sources of energy and create market demands," he added.

Anwar said the first phase of NETR would consist of 10 national flagship projects that are strategic and of high value, with an expected investment value of RM25bil.

"These projects, which are part of the National Energy Policy 2022-2040 implementation move, will also create 23,000 high-value employment opportunities," he added.

Phase One of NETR will be launched on July 27 while Phase Two is set for a launch in August.

Moving forward, the Prime Minister said the council would continue to formulate new initiatives and measures to overcome challenges to the economy.

"The council will also strive to improve governance, structural reforms to further boost the country's economic potential," said Anwar.

Meanwhile, Datuk Seri Azalina

Othman Said said that it was crucial for the relevant ministries involved to provide feedback on how the policy is to be drafted.

"You have to go back to the ministries because they are the ones involved with the law.

"The ministries will have to get back with their policy papers to the National Economic Action Council on the matter," the Minister in the Prime Minister's Department in charge of law and institutional reforms said after attending a forum in Sunway University yesterday.

Senate president Tan Sri Dr Wan Junaidi Tuanku Jaafar agreed that the "Ali Baba" culture should be done away with as it was one of the reasons for the failure of the New Economic Policy (NEP).

"The Ali Baba culture is the reason NEP failed, because you have too many Ali Baba companies.

"If you really want to train people, whether in supply, construction or whatever, you must stop

this from happening," the former senior Cabinet minister said.

He cited an example where an Ali Baba company sells off projects to "profession companies" to do the work but end up not gaining any skills or experience in managing projects.

"Even though these Ali Baba companies call themselves Class A contractors, they are not.

"They don't have the machines, people and skills," he said when met after the forum.

Transport Minister Anthony Loke said future government policies would be implemented to prevent rent-seeking practices.

"Definitely, policies will be drawn up to ensure that government resources and allocations are well spent and fully maximised in terms of value.

"Our most important agenda will be to ensure that whatever the government allocates for will be value for money," he said after the forum.