

CHAPTER FIVE

CONCLUSION

This chapter provides the summary of findings and implications of study based on the results analysed in Chapter 4. Recommendation will also be made at the end of this chapter.

5.1 Summary of Findings

In respect to the two modes of privatisation used in the Sungai Selangor Water Treatment Plant Scheme, the findings of this study show that using BOT gives a higher perpetuity value. It appears that BOT contract used in this water privatisation is a better mode of privatisation as compared to MC.

In the case of MC, profits were obtained for the entire period of the contract. This is different in the case of BOT whereby, profits were obtained a few years after the commencement of the project. Positive NPV implies that water privatisation under BOT and MC are financially viable to the private operators.

5.2 Implications of Study

It is important to note that values obtained from the financial evaluation are affected by many factors apart from the mode of privatisation. These factors include water tariff rates, operation and maintenance costs and interest income/expenses.

Good negotiation skill is required to obtain higher water tariff rates, which would result in higher profit. The profit may also be higher if the private operators can minimise their operation and maintenance costs better. It is believed that private operators would operate and maintain water treatment plant at a higher level of efficiency to maximise their profitability.

This is to say that the mode of privatisation is not the only determining factor in ensuring a higher financial value. Therefore, when financial manager makes decision on the types of privatisation mode, other factors affecting the financial analysis must be considered.

5.3 Recommendation

It is recommended that the study should be taken one step further to look into benefits to the public in terms of efficiency in services in terms of more reliable supply. It is also proposed that similar studies could be conducted to further examine the financial viability of privatised projects in comparison to the public funded projects.