

## The provision of infrastructure via private finance initiative

### Abstract :

The infrastructure delivery worldwide has recently shifted to a new paradigm where the government as the public procurer begins to rely on the private sectors' sources in providing assets and services at no cost to the government. This revolution ensues due to the government's dilemma in handling various globalisation issues of the belt-tightening government's budget, the escalated world oil prices, pressure in confronting abandoned public projects, intention in reducing government's financial burdens as well as increased taxpayers' demand on the quality of infrastructure assets and services. Thus, in facing those problems whilst maintaining the control over the infrastructure, an alternative procurement approach known as Private Finance Initiative (PFI) has been introduced. Nevertheless, history has proven that not all infrastructure assets or services are amenable to PFI, indeed experience in other jurisdictions has suggested that in some circumstances infrastructure provided via PFI can lead to poor public accountability, a reduction in competition as well as the development of monopolies. With the facts that different countries practise distinguished concepts and philosophies of PFI for their infrastructure provision based on the nature of their construction industry as well as different countries necessitate diverse types of infrastructure for their nation's development of their, the urgency of determining the principles of infrastructure to be provided via PFI is significant. Therefore, this study investigates the features and characteristics of infrastructure that is suitable to be provided via PFI with the particular references to Malaysia's construction industry as Malaysia's version of PFI emerges in unique forms e.g. DBFO (Design, Build, Finance, Operate), BOO (Build, Own, Operate), BOOST (Build, Own, Operate, Subsidise, Transfer) and BOL (Build, Operate, Lease). Although the Malaysia's version of PFI is theoretically claimed as merely prompt in providing selected economic infrastructure for both physical assets and services, this study demonstrates that Malaysia's PFI is also duly implemented for social infrastructures