

IDENTIFY FACTORS INFLUENCING AND BARRIERS TO THE ADOPTION OF THE PRIVATE FINANCE INITIATIVE IN LOCAL GOVERNMENT IN MALAYSIA

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Abstract: *The Implementation of the Private Finance Initiative (PFI) has been considered as an alternative to conventional procurement as it offers different financing mechanisms and management solutions to be considered. PFI has brought more advantages over traditional procurement systems in many countries at every level of government. At the local government level, PFI's revenue enables Local Authorities (LAs) to work with the private sector to provide public infrastructure and services more effectively and efficiently. In Malaysia, since its introduction in the Ninth Malaysia Plan in 2006, the PFI model has benefited the government as an alternative form of procurement, in particular to reduce government spending, and to provide more efficient public infrastructure and services. Apart from introducing the PFI method, PFI is said to be an efficient and effective model in the implementation of public procurement policy. However, LAs in Malaysia are very poorly using PFI as their procurement method. This study is to identify the factors influencing, and the barrier for adopting PFIs in LAs in Malaysia. In achieving this goal, a survey was conducted in LAs in Malaysia. 240 questionnaires were distributed by post to the department or division involved in project implementation at LAs. This finding identifies the major factors influencing the adoption of PFIs in LAs, as well as identifying major barriers for the implementation of PFIs in LAs in Malaysia. Finally, the framework for PFI's recruitment strategy at the LAs has been developed.*

Keywords: *Private Finance Initiative, Public Private Partnership, Local Authorities, Local Government.*

Introduction

Local Authorities is the most important organization in driving development within its administrative area, which is not only play its role as responsible in providing services within its control area but are also involved in the economy such as providing housing, commercial and industrial facilities. Apart from an increase in roles and functions, local authorities is also seen to be facing challenges especially in terms of financial resources, and local authorities involvement in the economy is among other things to verify their incomes.

In Malaysia, as set out in the Local Government Act 1976 (Act 171) most local infrastructure facilities are implemented by local authorities. This has resulted in local authorities increasingly facing the challenge of sourcing funds to provide the necessary infrastructure (Mohd Saron, 2013). Therefore, local authorities need to identify ways to encourage investment, especially to engage in public development projects. This scenario encourages local authorities to find ways to enter into partnership with the private sector for the provision of adequate investment (Ho & Salleh, 2008; Khalid, 2010). However, local authorities or *Pihak Berkuasa Tempatan* (PBTs) are among the public agencies criticized by the public for lack of discipline on their financial management (Khalid, 2010). Among the key factors contributing to the failure of the PBT to play its role is the lack of inefficiency, ignorance, lack of resources, weak management skills, failing to sustain development (Berahmin et al., 2015; Singaravello, 2010).

In recent years, there has been a lot of focus on the management of PBTs deficits in Malaysia, especially in the way they use public funds, issues on quality and quantity of services provided, lack of liquid resources, and more dependent on current grants (Atan et al, 2010). In practice, PBTs in Malaysia are not allowed to be directly involved in business, however, PBTs are allowed to participate in the privatization of the entity or its land without involving the taking of equity. As result, several of PBTs has implemented various initiatives to address sustainable development through its procurement strategy, such as collaborating with the private sector. Public-Private partnership is one of the private sector involvement scheme, and now become the popular approaches for public infrastructure development and service delivery. In recent decades, PFI has become increasingly popular when in discussing of Public Private Partnership approach. In many writing provide explanatory that Private Finance Initiative (PFI) is part of the Public-Private Partnership (PPP) or the type of PPP, and sometimes PFI referred to as form of PPP.

Literature Review

Private Finance Initiative

Private Finance Initiative or PFI is considered as a new method of government procurement to replace conventional and traditional procurement systems (Shu Hui et al., 2011). PFI as a method of procurement, in which the public sector use the capacity of private sector for delivery of public infrastructure and services, however, still based on the specification as set by the public sector (Ismail, 2015; Zainon et al., 2012).

The PFI model was first introduced in the United Kingdom (UK) in 1992 as the government initiative to use the financial resources of private sector for government development project. In the conceptual explanation, PFI can be explained as the public sector has entered into a long term contract with the private sector companies, in which through a contractual agreement the private sector is responsible for establishing, building, operating, maintaining and risk involving to the assets based on the output specification set by government (HM Treasury, 2012).

The PFI was first introduced by the Malaysia government in 2006 through the Nine Malaysia Plan (9th MP). There are several reasons for applying PFI in Malaysia. Apart from the success of the PFI project in many countries and in order to be in line with worldwide trend, as based to the government document, the main reasons for adopting PFI in the provision of public assets and services includes to relieve their financial and administrative burden, improve efficiency and productivity, facilitate economic growth, reduce the size and presence of public sector in the economy, and to help meet the national economic policy target (EPU, 2006). PFI model also seen as to revise, improve and enhance existing privatization model in national economic development (PPP Guideline, 2015). Upon the closer examination of the literature, the following could also be said to be among the key reasons why Malaysia adopts PFI, which are as the reactive strategy due largely to pressure by the public to reverse earlier public-sector expansion also monopolistic approach especially in the provision of public assets and delivery of services (Rashid, 2012). Another reason to use PFI is to involve the private sector in a more efficient and effective way for the realization of public infrastructure and creating long-term financial security (Janssen, 2016).

Apart from the introduction of PFI said to be a model of efficiently and effectively towards the implementation of public procurement policy, PFI adopted in Malaysia also have been inundated by various controversial, criticism and debated from the very beginning of implementation. Criticized in terms of knowledge, understanding and experience of the whole concept of PFI (Khaderi & Aziz, 2010; Abdullah & Kalianan, 2009; Ismail & Rashid, 2007; Zawawi et al., 2014), PFI technically issues (Khairuddin, 2009), and said PFI implementation in Malaysia as 'rushed in planning' (Takim et al., 2009). Furthermore, the Malaysia government has yet to make a specific framework of PFI as a guiding for its implementation (Johari, 2010; Khaderi & Aziz, 2010; Ismail, 2009). Despite numerous criticisms of the PFI implementation, however there are studies have shown that the PFI procurement method have resulted in success especially at the local government level. Many local government in many countries have turned to PFI as their procurement strategies due to their benefits in delivering public infrastructure projects, and at local government level, public-private partnership program has been seen as the suitable concept that applicable for the development pattern within local administrative areas. PFI types of public-private partnership model are also seen frequently used in many local government in many countries. PFI as the way of government procurement strategy, which uses the capacity of the private sector to delivery of public infrastructure and services by taking advantage of innovation and expertise of private sector management is commonly used by many level of government in worldwide. Through the PFI as modes of procuring is enabling local authorities (LAs) to make contracts with the private sector to provide infrastructure and services, and the purpose of the PFI grant is to give LAs with the support of sustainable income for their projects development.

PFI scheme was also uses by many of LAs as their strategy in continue their role and functions, especially in the time of financial constrain. The implementation of PFI model is also said to have changed the role of LAs rather than just being the owner and operator of the asset to the provision of services, as well as will able to assist the LAs and the community for the long-term benefit, particularly in terms of private sector expertise and investment (Potts & Ankrah, 2014; Alshawi, 2000). In the UK, the Conservative Government in UK set out six specific benefit of using the PFI into local government, which are promote private investment, improve value for money, encourage the rationalisation and upgrading of LAs property holdings, encourage the transfer to the private sector of trading asset, facilitate joint ventures scheme, and remove unnecessary obstacles to partnerships. The implementation of PFI model is also said to have changed the role of LAs rather than just being the owner and operator of the asset to the provision of services, as well as will able to assist the LAs and the community for the long-term benefit, particularly in terms of private sector expertise and investment (Potts & Ankrah, 2014; Alshawi, 2000). Despite the many advantages

shown by the use of PFIs in most local governments in many countries, however, in the context of LAs in Malaysia, the PFI method is seen as under-utilized as procurement strategy. There are survey show that the PFI methods of procurement is still less considered in Malaysia LAs even though this model was long introduced in Malaysia since 2006. There is also a previous study that shows that the implementation of PFI in LAs in Malaysia is seen at the infancy stage even the policy is introduced long time ago (Mohd Saron et al., 2013; Ismail, 2015).

Influencing Factors of PFI in Local Government: Experience of several Countries

Factors that considered influence for PFI projects have been investigated in many previous study. Most of studies use the concept of Critical Success Factors (CSFs) in their research related to critical factors for the successful implementation of PFI in the various projects. Many researchers have identified different lists of critical factors of PFI projects based on review of other literature or through empirical studies. However, while many factors are critical, it is quite obvious that the level of “criticality” of the identified factors varies in different places (Li et al. 2005; Muhammad et al., 2016).

According to Zawawi et al. (2014), most of the influence factor is for PFI procurement is economic uncertainty. Meanwhile, mature capitalist market system in South Korea, and also the regulatory framework has led to a successfully infrastructure development managed primarily through the PPP/PFI program at the national level, but based on two cases of urban transport in the Seoul Metropolitan show that the local level achievements are different, which factors are ranked such as the practice of local democracy is relatively new, contract unfair, the power to tax and resources are limited, political interference, regulation at the federal level, speculation foreign investment and other factors that have become an obstacle to the successful implementation of the local government level PFI program (Bae & Joo, 2016).

Many local authorities in Scotland experienced great difficulty in making a commitment in PFI contract is due to the lack of support from the central government. In addition, local authorities in Scotland are also said to be limited to the ability to provide public infrastructure, uncertain and failed to assess the risk to the overall financing of the PFI contract (Cuthbert & Cuthbert, 2011). Wibowo and Alfen (2015) in their study concerning the implementation of PPP/PFI in Indonesia explain some of the challenges faced is to synchronize between national, provincial, and local planning. This is because, according to them, both the central and local governments are eager to promote PPP/PFI investment projects in their Jurisdictions. The findings of their study also showed that, between the CSFs for the PPP/PFI are; the roles of regulators must be clear and not blended with other functions, such as contracting with private partners, and the establishment of an authoritative PPP special task force would help to coordinate and integrate PPP-related needs. Besides, their study also reveal other important factors such as strong legal basis, an irrevocable contract, sensible, manageable risk-sharing arrangements, clearly defined coordination mechanisms, and strong political support.

The influence factors that impetus the PFI adoption procurement in Nigeria local government is due to the failure of public servants to provide services effectively and the lack of skills of civil servants in PFI project management and corruption in public procurement (Otairu et al., 2014). Others factors submitted by Otairu et al. (2014) study which are contributed for the failure of infrastructure project in local level are; lack of consensus among policy makers, political instability, and lack of understanding of the concept of PFI, and requires the provision of high costs for implementation. Among other studies that look into the influences factors of PFI adoption is

from Taiwo Gbadegesin (2014), which is in their study investigate the factors that influence the adoption of PFI for infrastructure projects in tertiary institutions of learning in Nigeria local government, and also determines the relationship between the levels of awareness and years of experience. Their study is examines the respondents' level of awareness and experience in PPP/PFI, and investigates the factors that influence the adoption of PPP/PFI. As the finding reveal that, the type of project, the involvement of risk, as well as the technical capabilities of the three most important factors influencing the use of PFI for public infrastructure projects. Their study also shows that there is a significant relationship between experiences toward the implementation of PFI with technical ability.

Barriers of PFI in Local Authorities

The barriers to PFI have been widely examined, and from different perspectives. There are studies of strategic, process, management and administration, laws, characteristics of the PFI itself, and also from the point of implementation mechanism. Janssen (2016) for example has divided PFI's use of obstacles into perspectives and disciplines, from the perspective of national characteristics, procurement process, PFI characteristics, the role of public authorities and the role of the private sector. In understanding the barriers of local government in Netherlands to use the PPP/PFI, Janssen et al. (2016) found that barriers to applying PPP/PFI can be categorized into five areas, which are: (i) national characteristics; (ii) procurement processes; (iii) characteristics of PPP/PFI; (iv) the role of public authorities; and (v) the role of the private sector. In explaining that area, the barriers that are related to national characteristics is include characteristics of national legal frameworks, public opinion towards PPP/PFI, the stability of the political situation and the role of the capital market, and for the area of procurement processes, such as the lengthy bidding and negotiation process, the high transaction costs of PPP/PFI, and the absence of a standard project procurement framework. Meanwhile, among the barriers were identified that are related to the characteristics of a PPP/PFI is the financial package, the inability to justify investments, a lack of clarity on funding systems, and lack of appropriate financial risk guarantees from the public sector. This factor may be due to the lack of support, knowledge and experience of PPP / PFI, as well as relevance to work ethics and bureaucracy.

For the factor of role of the private sector, the barriers can happen if the lack of understanding about PPP/PFI among shareholders and stockholders, also if the lack of capacity in the private sector to sign and administer PPP/PFI could hinder their effective execution, as well as the issue of accountability and transparency. This classification is seen to be justified where some previous studies related to PFI have similarities to the barrier factor. Among the barriers posed for PFI implementation in local government are as shown in the table included (**Table 1.0**).

Table 1.0: The Barriers Posed for PFI implementation in local government

Authors	Barriers
European Commission (2004), Chan et al. (2010), Delmon (2011).	The absence of a well-established legal framework
Zhang (2005), Yescombe (2007).	Unstable political situation, weak economic strength and limited prospect for economic growth in local economy, poor credit quality of local administrative bodies, lack of a strong capital market.
Zhang (2005)	The lack of a strong capital market will hinder the project in finding private financiers and impede the project's execution.

Chan et al. (2010)	Lengthy bidding and negotiation process cause procuring a PPP/PFI can take much time that contracting authorities prefer other procurement method.
Zhang (2005)	Absence of a standard project procurement framework. Without such a framework, an inexperienced public authority has to spend much effort on tendering a PFI project.
Zhang (2005)	The complexities in project financing; the inability to justify investments due to project fundamentals; a lack of clarity on funding systems to enable public bodies to service debts; and lack of appropriate financial risk guarantees from the public sector.
Yescombe (2007), Chan et al. (2010), Eversdijk and Korsten (2009).	PFI are inflexible due to the long-term nature of the contract. PFI are often considered more expensive than public sector alternatives.
Lammametal (2013), IISD (2012), Kwaketal (2009)	PFI to be too risky to government or private sector, such as the private sector party goes bankrupt, and government bodies might be of the opinion that PFI involve a too high a risk of delay.
Kwak et al. (2009), Mahalingam (2010)	A lack of support could be due to a lack of knowledge and experience of PFIs.
Eversdijk and Korsten (2009), Bloomfield (2006).	A lack of expertise concerning PFIs in local government organisations.
PPS Netwerk (2008).	Public authority already has sufficient financial resources, it would be less motivated to seek private sector finance for its projects.
Zhang (2005)	The lack of understanding about PFIs among shareholders and stockholders. The reduction in project accountability and transparency in PFIs projects.
IISD (2012)	The lack of capacity in the private sector to sign and administer PFIs could hinder their effective execution.

Sources: Janssen (2016)

Method

In reaching the objective of the study, 80 PBTs in Malaysia were selected as field studies to obtain such information. For each selected PBT, three sets of questionnaires are distributed via postal to departments / units or divisions in the PBTs concerned with research topics. This means that 240 sets of questionnaires were distributed to respondents. However, only 38 PBTs provided feedback with 99 questionnaires returned. The PBT groups that provide feedback are comprised of one (1) city hall, six (6) city council, (20) twenty municipal council and eleven (11) district council. The data obtained from questionnaire questions has been analysed using The Factor Analysis and Reliability of the Instrument are carried out using the SPSS procedure version 23. Of the 99 respondents responded, most of them were from departments / units or sections of Engineering (56%), Contracts and Procurement (18%) Administrative department, and Town and rural planning with a contribution of 8% respectively. The other departments involved in the survey were from the Development and Maintenance (4%), the Treasury department (2%), and the remaining 12% are from other departments such as from Building Control Department, Corporate and Public Relations, the Unit of Internal Audit as well as Accounting department.

For the respondents' position, most of the respondents are from the rank of engineer and assistant engineer (41%), quantity surveyor (14%), administrative officer (11%), and director and assistant director (9%). The other posts involved in the survey were from the respondent's position of Accountant and assistant accountant (6%), Town and Urban Planning Officer and the Assistant (5%), Information Technology Officer (2%), Municipal / District Secretary (3 %) and other positions (9%). The respondents' posts are seen to be parallel to the level of education, where the highest level of education is master (5%), degree (55%), and diploma (32%) and certificate (7%). The next discussion is about the findings of the study to achieve the objective of the study.

Result and Discussion

Forty-five (45) factors presented to respondents to assess their views on the factors that most influence, which in their view of the adoption of the PFI approach in LAs. The factors presented are divided into five categories, namely the category of local authority capability, technical capability, financial capability, risk involvement, and the nature of the project. Based on the data analysis using Factor Analysis performed, from the list of factors presented, listed ten factors seen to have a very significant effect on the use of PFIs in PBTs in Malaysia. These factors are as shown in the accompanying **Figure 1**.

Influences Factors	RCM ²	Rank
Local Authority Capabilities		
Level of bureaucracy in the decision making process	0.932	1
Level of commitment of the organisation to earlier negotiated term	0.917	2
Technical Capabilities		
Ability to effectively sensitize public opinion on the project	0.848	9
Level of reputation enjoyed by the organisation	0.877	3
Financial Capabilities		
Capability to pay the shadow tolls/tariff proposed	0.850	8
Ability to provide equity finance	0.822	10
Risk Involvement		
Level of Financial risk	0.872	4
Force Majeure (Superior Force)	0.869	
Nature of Project		
Size of projects	0.854	6
The payback period of the project	0.853	7

*RCM = Rotated Component Matrix^a

Sources: Field study in 2018 against 38(n=38) PBTs

Figure 1: The Factor that most Influence the Adoption of PFI in LA

The second objective of this study is to identify the barriers faced by the PBT from adopting PFI procurement methods for their development projects. The study's findings show that out of thirty-six (36) factors submitted to the respondents to assess their most significant barrier factor on the implementation of PFIs in PBTs, than those factors, the eight most important factors are presented as the main barrier factors. The result of barrier factors as shown in **Figure 2** include.

No.	Identified Barrier Factors	RCM ^a	Rank
1.	LAs have to hire external expertise to support the procurement and management of PPP/PFI project.	0.852	3
2.	LAs find that PPP/PFI require too much effort for a contracting method that is probably applied only once.	0.828	5
3.	The PPP/PFI approach is considered too risky by the LAs.	0.891	2
4.	The Competitive Dialogue Procedure is experienced as complex by LAs.	0.807	8
5.	Possibility that initiatives for PPP/PFI project are cancelled by new executive boards before formal decisions have been taken.	0.822	6
6.	PPP/PFI schemes are experienced as complex by LAs.	0.815	7
7.	The way of working in PPP/PFI scheme does not fit the working methods of LAs.	0.893	1
8.	Lack of knowledge and experience about PPP/PFI at LAs.	0.838	4

*RCM=Rotated Component Matrix^a

Sources: Field study in 2018 against 99(n=99) Respondent

Figure 2: The Barrier factor for PFI Implementation in LAs

The barrier factors identified from the finding of study, the factors associated with working in the PFI scheme are seen to be incompatible with PBT's work method seen as a major barrier factor. In addition, factors related to the PFI approach considered too risky by the PBTs are also regarded as the main barrier factor. Risk management is a matter of priority when it comes to PFI projects. Risks can be classified in different types. The basic principles of the PFI project are the risks associated with the implementation and delivery should be to the best party to manage the risks in the cost in an effective manner (Akabiyiki & Eaton, 2004). Lack of PBTs involved in PFI projects may be related to PBT's inability in risk management. This is coupled with a report revealing that PBT has an issue on management, administration and leadership.

In addition, the findings of the study also show that the key barrier factors associated are factors related to the lack of experience, knowledge and awareness of staff involved in the implementation of the PFI project. Another key factor is the absence of a framework for PFI implementation. Until now there is no specific guideline framework for PFI implementation at local government level in Malaysia.

The results of this study have also confirmed the statements from some previous studies, which discuss why the PFI method is less applicable in Malaysia. The factors such as knowledge, understanding and experience of the whole concept of PFI (Khaderi & Aziz, 2010; Abdullah & Kalianan, 2009; Ismail & Rashid, 2007; Zawawi et al., 2014) are seen to be very influential. There are also criticism to the PFI executed in Malaysia, which is said in technically is not coincide with the actual of PFI concept (Khairuddin 2009). Takim et al., (2009) argued that the implementation of the PFI in Malaysia is overly 'rushed in planning' and the planning is still unclear. For example, among the failure factors of the sewerage project in Malaysia using PPP method as reported by Abdul Aziz (2001) is due to six main reasons, which are: i) Transparency; ii) low equity-debt ratio; iii) over-lavish provided by government to the concessionaire for safety nets; iv) inefficient and management errors occurred by the concessionaire; v) in short period there was frequent changing of the concession firm; and vi) strongly unsupported coming from public. This finding is confirming the statement from Abdullah and Kalainam (2009), "the concept of role of local government as a

producer akin to the private entity said to be simplistic, inaccurate, naive and manifestly". Mohd Saron et al. (2013) also pointed out that the implementation of PPP / PFI procurement methods in LAs in Malaysia said at the early stage even the concept of public private partnership has been known since the first introduction in 2006.

In Malaysia, there is a study or discourse that explains the barrier factor towards the implementation of PFIs. Ismail (2014) in his research on respondents' perceptions comprising managers of financiers, construction companies, local governments, state governments and federal governments, in relation to factors that prevented the use of PPP/PFI arrangements in Malaysia revealed that among the top five major barrier factors are; i) lack of government guideline and procedure on PPP, ii) lengthy delays in negotiation, iii) higher charge to the direct users, iv) lengthy delays because of political debate, v) confusion over government objectives and evaluation criteria.

The findings from this study also show the same barrier factor as proposed by Janssen (2016). Janssen (2016) in his research on the barriers to PFI's use of road construction projects in the local Government of the Netherlands, found that there were major barrier factors;

- i. applying this method of contract requires them to adapt their current working methods, which are a major obstacle to implementing PPPs for local governments;
- ii. applying PPP, in the same way, can exclude contractors from engaging in projects, and they want to improve local employment;
- iii. local governments experience the overall PPP scheme as complicated; and
- iv. local governments see PPP contracts as complicated.

The factors raised by Janssen et al. (2016) as LAs need to 'adjust the way of work', and 'PFI type projects are considered complicated and complex', seen similarities with the findings in this study.

Another study reveal that the factor of 'Lack of knowledge and experience' about PPP / PFI is a common factor in many studies related to PFI. Rashid et al (2006) for example, affirms that the low level of knowledge is due to the minimal experience of government officials or those engaged in the procurement of PFI / PPP, as well as the lack of references in PFI / PPP procurement schemes. Kwawu et al. (2010) in a study on the PPP / PFI project in Nigeria, emphasizes that lack of knowledge and experience of clients gives impact and constraints on the implementation of PPP / PFI, where the success of a PFI / PPP project depends on the effective communication experience, expertise and skills of all parties involved in the project. Ismail (2014) also stressed the same on the implementation of PFI in Malaysia where he said there were constraints on the experience, knowledge, awareness of many agencies involved, and the absence of specific frameworks for the implementation of PFI projects in Malaysia also contributed to the least use of these methods as a procurement strategy in most government agencies.

Strategy for Implementation PFI Projects in Local Authorities in Malaysia.

In order to implement PFI projects in LAs, this study identified seven (7) stages should be followed in order to insure the applicability of this delivery method;

- i. Firstly, defining PFI basic concept among Public & Private sectors, this stage can be done through giving Meaning of the partnership, Attractive private sectors to invest in public facilities, and Raise the awareness of PFI advantages among the pasties (private, public and user of services).
- ii. The second is to study previous PFI projects in several countries, particularly on the topic of contributing factors to the success of the project.

- iii. Thirdly, establishing Standards frame work of PPP implementation, as well as the framework of legislations and laws. This means establishing agencies to be responsible for preparing and evaluate PFI arrangements, developing a nation PPP strategy, allocating and dividing risk among parties, and adopting PFI framework and legislation framework to be paralleled with nation strategy to better use of PFI.
- iv. Fourth is identifying PFI models to be suitable for LAs in Malaysia. This could be achieved by Developing a model or procedural framework.
- v. Fifth is educating local authorities and private sectors.
- vi. Sixth is setting up a control unit to be in charge of all PFI projects in public sector and government agencies. This unit should be responsible of Monitoring and controlling all Processes from preliminary stage until the end of PFI Contract, and developing the performance measurement system.
- vii. Finally, following the appropriate steps in the appropriate PFI market, with the appropriate and stable PFI flow arrangement, more effective PFI implementation will be able to be met.

Finally by following pervious stages appropriate PFI market with stable Flow of PFI arrangement will be met. This flow process is indicated as shown in **Figure 3**.

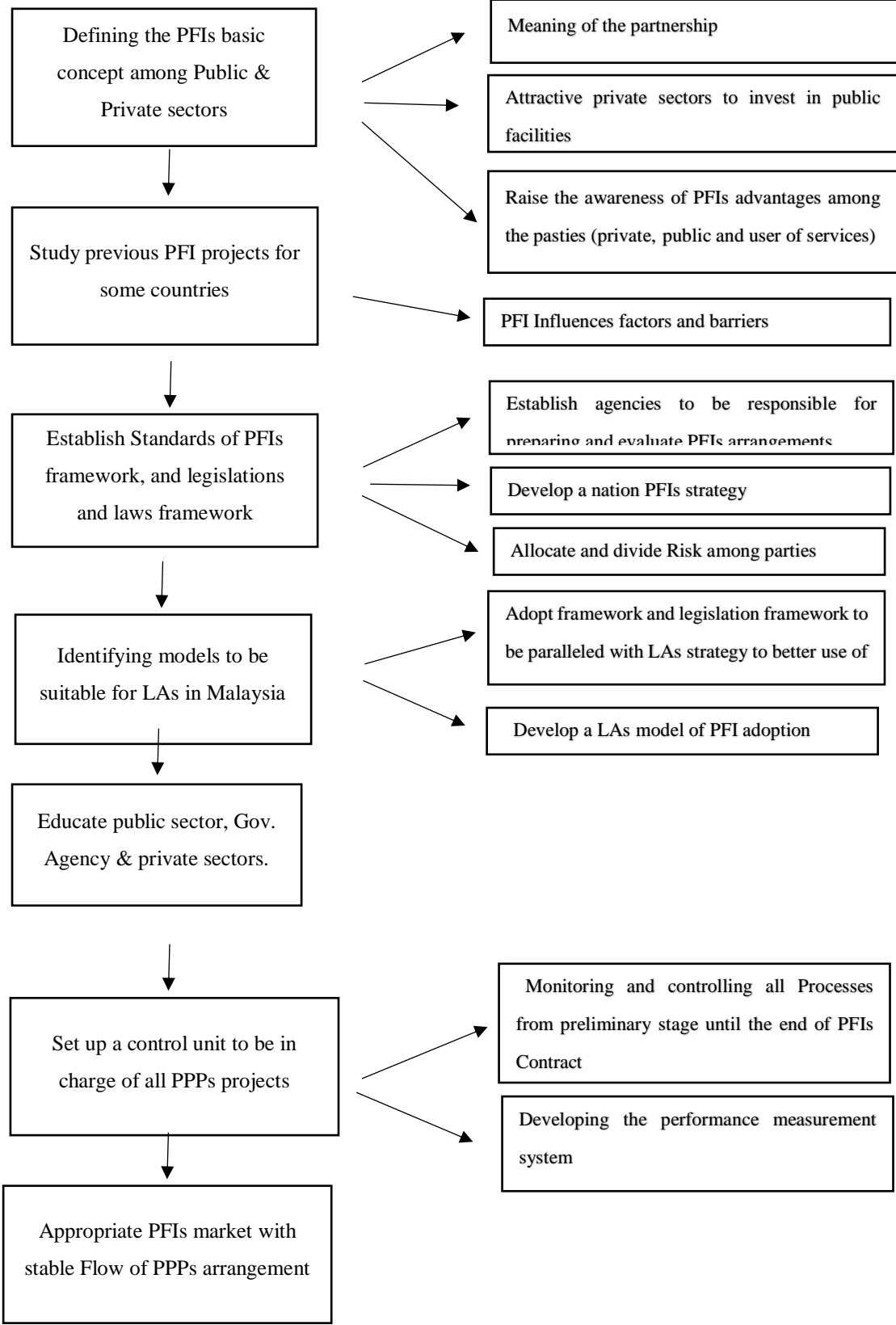


Figure 3 Strategy for implementation PFI projects in Local Authorities.

Conclusion

The conclusions can be made based on the findings of the study, the most important influence and barriers factor identified in the implementation of the PFI project is seen quite complicated and unsuitable in the way of work in PBTs in Malaysia. The lack of experience, and knowledge of the major players in the PBTs is also seen as the PFI method is not fit with the work methods in the PBTs. The useful field of research is should to focus on local government work methods, especially from the perspectives of PBTs staff, skills, experiences and knowledge in implementing PFI projects. Considering how PFIs can be used in PBTs in Malaysia, especially as a method of procurement, therefore, future research should focus on the process flow of how the PBTs provides experience, knowledge and awareness to the staff that responsible for the implementation of the method of PPP / PFI project, and how the implementation process of PFI projects practiced by PBTs in Malaysia. The final proposal for relevant research is related to exploring why PBTs in Malaysia see PFI contracts as complicated, as well as how to build solutions.

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