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Water (Special Report)

BRITAIN'S THAMES WATER FINDS THE GOING TOUGH IN KELANTAN

By: Azman Ujang

KUALA LUMPUR, Nov 7 (Bernama) -- Virtually every other month this year, Datuk Bakri Mohamed has had to fly to London to face some jittery directors of Thames Water, the British water utility giant which committed itself to becoming one of the biggest foreign investors in Kelantan.

Attracted by Kelantan's vast potentials and assurance by the PAS government which rules the state that Kelantan is as attractive an investment base as other Malaysian states, Thames Water last year signed a joint-venture deal with state government-owned Yayasan Kelantan Darul Naim (Yakin) to undertake the privatisation of its water supply and distribution.

Over the next 25 years, the Kelantan joint-venture company, Kelantan Water Sdn Bhd of which Bakri is executive chairman, is under agreement to commit RM2 billion to upgrade Kelantan's water services.

These include building new treatment plants as well as an entire new system of computerised billing similar to the London system, reputedly one of the world's most efficient.

So far, Thames Water has spent RM36 million to improve these services with long-term plans focused on sourcing water, now entirely dependent on underground wells, from rivers in the state.

But for Bakri, a former army major who hails from Kelantan, and for Thames Water, the going has been tough -- and the task of executing the privatisation plans has been made tougher by Kelantan's political problems, both between factions in the state and with the federal government.

"I have to convince Thames Water shareholders to give me the confidence to sort things out. They are patient enough but there will be a limit to their patience," Bakri told Bernama over the telephone today from London, where he has been summoned for yet another briefing for the board members.

According to Bakri, two major problems stand in the way of implementing the plans -- one linked to the federal government and the other to the PAS government.

"One big problem is our unsuccessful attempt so far to get even one work permit for the British consultants who are required for the purpose of technology transfer under the agreement," said Bakri.

He said so much time and efforts had gone into obtaining the work permits for just three British consultants required to be based in the state but still without success.

"I think three foreign consultants for a company which has committed to invest RM2 billion in Malaysia is not asking too much. But I have been given so much merry go round and yet have failed to get it," said Bakri, who compared this to another project in Kelantan, the Pergau hydro-electric dam where at least 80 expatriates from Britain have had their work permits approved.

He said he plans to appeal to Prime Minister Datuk Seri Dr Mahathir Mohamad to intervene in the matter.

"Dr Mahathir has gone to so many countries to attract foreign investments to Malaysia. I'm sure he does not want a wrong signal to be sent out to foreign investors by not being able to get their work permits when they come here."

Bakri argued that Thames Water only wants to send the barest minimum number of expatriates to Malaysia.

Kelantan Water Sdn Bhd, owned 70 per cent by Thames Water and 30 per

cent by Yakin, has absorbed some 500 staff of the Water Unit of the Public Works Department into the company after the privatisation.

At the end of the concession period, the majority stake will be held by Yakin.

The second big problem facing the privatisation is the Kelantan government's decision in March not to go ahead with charging new rates for water, following some protests among the people.

"The new rates which were supposed to come into force in March were the lowest to be charged by a privatised water utility in the country but the Kelantan government, which is a party to the agreement, is going against the agreement it has signed," complained Bakri.

Bakri said what happened is against the spirit and logic of any privatised entity.

"All utility agencies which have been privatised in the country are charging more compared to when they were government departments and Kelantan Water is no exception. Just look at Telecom, Tenaga Nasional and the increased rates of highway toll," he said.

Bakri said by not charging privatised rates, Kelantan Water is in fact subsidising water to the people in the state.

Under the agreement, failure to charge privatised rates will mean that any shortfall in collection will have to be borne by the state government itself.

So since March, the state government is owing arrears to Kelantan Water in lieu of the charges.

Bakri refused to state the amount of arrears, saying that under the agreement he is not at liberty to do so.

But sources in Kota Baharu told Bernama that the Kelantan government is owing arrears to the tune of RM12 million to the company.

Bakri said he hoped to settle the matter with the state authorities soon as this is crucial to implementing other plans in the agreement.

"Water is so vital a commodity but, sad to say, the authorities in Kelantan do not appear to be giving it the importance that it deserves," said Bakri. -- BERNAMA

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