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Kelantan-Water

K'TAN GETS RM600 MILLION FEDERAL LOAN FOR WATER SUPPLY

KOTA BAHARU, April 2 (Bernama) -- The federal government has approved a RM600 million soft loan for Kelantan to overcome the water supply problem it has been facing the past three years.

Menteri Besar Datuk Nik Abdul Aziz Nik Mat said today that Prime Minister Datuk Seri Dr Mahathir Mohamad informed him of the approval in a letter two weeks ago.

The state government submitted an application for the RM600 million loan after the Prime Minister's visit to the state in the middle of January this year, he said.

"I would like to thank the Prime Minister for his kindness in approving the RM600 million soft loan for the comfort of the Kelantan people," he told reporters after signing an agreement on behalf of Menteri Besar Incorporated to purchase Kelantan Water Sdn Bhd (KWSB) shares here.

KWSB's major shareholder, Thames Water of the United Kingdom, has agreed to sell all of its 70 percent equity in the company to Menteri Besar Incorporated. The remaining 30 percent is still held by the state-owned Yayasan Kelantan Darulnaim (Yakin).

Menteri Besar Incorporated's other signatory is Kelantan State Financial Officer Datuk Tengku Shah Buddin Tengku Maa Som while the other party was represented by Thames Water Asia Pacific managing director Ian B. Ritchie and KWSB executive chairman Datuk Mohamad Bakri Mohamad.

Today's agreement has also laid to rest several issues between the state government and KWSB, including service charge arrears of almost RM100 million that the state allegedly owed the company.

Kelantan Public Utilities Committee Chairman Hassan Abdullah said the soft loan would only be used to improve water supply which had deteriorated since the service was privatised to KWSB in 1995.

The loan would be received through the Finance Ministry soon in stages, and the water supply service was expected to be fully restored in one year's time, he said.

Hassan said the loan would not be used for the RM50 million share purchase which would be financed by state funds.

Although the state government now fully owns KWSB through the Menteri Besar Incorporated and Yakin, several local companies would be invited to go into joint ventures to provide better water supply services to the people, especially in the rural areas, he said.

He gave an assurance that the services of all KWSB workers would be retained, and that the state government would not think of raising service charges until the water supply service had been fully restored.

-- BERNAMA

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