

14/11/2000

Amin Shah: No participation in privatization of ferry terminals

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PENANG Shipbuilding and Construction Sdn Bhd (PSCSB), which has acquired a 70 per cent stake in Lada Langkawi Holdings (LLH) Sdn Bhd, has ruled out its participation in the proposed privatization of Kuah and Kuala Perlis ferry terminals.

"We are not involved in the proposed privatization of the two ferry terminals," PSCSB chairman Datuk Amin Shah Omar Shah told Business Times.

He was asked whether PSCSB, through LLH, would consider participating in the privatization of Kuah and Kuala Perlis ferry terminals since the latter is involved in providing passenger ferry services between Kuah and Kuala Perlis and between Kuah and Kuala Kedah.

PSCSB, through its subsidiary PSC Yacht Centre Sdn Bhd, took LLH from Langkawi Development Authority (Lada) on July 21 1997.

PSC Yacht Centre has acquired a 70 per stake worth RM4.6 billion in LLH, while Lada retained 30 per cent stake in the ferry services company.

The decision to allow PSCSB to acquire LLH was endorsed by a Lada board meeting co-chaired by Finance Minister Tun Daim Zainuddin and the then Kedah Menteri Besar Tan Sri Sanusi Junid, who was also Lada's former co-chairman, in Alor Star in July 1997.

With five catamaran boats, LLH operates the passenger ferry services in Langkawi. The company was incorporated on February 10 1992 as a wholly-owned subsidiary of Lada.

Recently, Minister in the Prime Minister's Department Tan Sri Bernard Dompok and Lada general manager Datuk Zainal Karib Abdul Rahim confirmed that the Government had agreed in principle to privatize the management, operation and maintenance of the two ferry terminals as well as the Kuala Kedah jetty to improve services.

It was learnt that Lada and the Perlis State Government had submitted the proposals to privatize the terminals, but no decision had been made yet.

With PSCSB's announcement that it will not be involved in the privatization of the ferry terminals, this has left Lada with the possibility of running the privatized terminals through its other subsidiaries, such as Lada Langkawi Consolidated, or setting up a new subsidiary company for the purpose.

Lada Langkawi Consolidated was incorporated on September 17 1997. Prime Minister Datuk Seri Dr Mahathir Mohamad had tossed the idea of its establishment to improve the transportation services, especially sea routes to promote Langkawi as a tourist destination. It was also set up to foresee the implementation of development and privatized projects in Langkawi.

On the economic performance of the terminals, Kuah jetty alone is expected to handle 1.2 million passengers by the year-end, an increase of 15 per cent compared with last year.

However, the terminal is still running at below full capacity. In terms of passenger load, there is no need for an expansion in the foreseeable future. The terminal is slated to handle two million passengers a year. There are 28 ferries owned by five operators who provide essential transport and small hold cargo services to the island.

Amin Shah also ruled out the possibility of PSCSB raising its equity in LLH or purchasing new passenger boats to improve its services.

"Initially, we had plans (to buy new boats) before the economic crisis,

but shelved them when we were hit by the crisis.

"We will concentrate on existing services of yachts such as painting, repainting, repairs and other maintenance works. But as far as I am concerned, there are no plans to purchase new ferries," he said.

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