

18/12/2000

Kuah, Kuala Perlis jetties to be privatized next year

Kamarul Yunus

THE Kuah and Kuala Perlis passenger ferry terminals, which serve as the main exit and entry points between duty-free island Langkawi and mainland Peninsular Malaysia, will be privatized by next year.

The Economic Planning Unit (EPU) in the Prime Minister's Department said it has concluded negotiations on the terms and conditions of privatization of these terminals.

"The privatization of these jetties will take place early next year upon the approval of the Cabinet," the EPU said in a reply to a Business Times query.

It further added that the Government is expected to save some RM1.5 million per year in the maintenance of basin dredging when the terminals are privatized by next year.

The privatization plans of the two ferry terminals were submitted to the EPU in 1995 by Lada Langkawi Holdings Sdn Bhd (LLH), a wholly-owned subsidiary of Langkawi Development Authority (Lada).

After privatization, the EPU said these jetties will be operated by the concession company. However, the EPU said the distribution of equity of the concession company cannot be disclosed at present as the details have not been considered and approved by the Cabinet.

Irrespective of the outcome, LLH, which is managed by Penang Shipbuilding and Construction Sdn Bhd (PSCSB), will not be involved in the privatization of the two terminals.

PSCSB chairman Datuk Amin Shah Omar Shah recently ruled out the company's participation in the proposed privatization of Kuah and Kuala Perlis ferry terminals.

Amin Shah was asked by Business Times whether PSCSB via LLH would consider participating in the privatization of Kuah and Kuala Perlis ferry terminals since the latter is involved in providing the passenger ferry services, plying between Kuah and Kuala Perlis as well as Kuah and Kuala Kedah.

PSCSB, through its subsidiary PSC Yacht Centre Sdn Bhd has taken over LLH from Lada since July 21 1997. PSC Yatch Centre is acquiring a 70 per stake in LLH worth RM4.6 billion, while Lada retained a 30 per cent stake in the ferry services company.

With five catamarans, 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 has 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 at the terminals.

Besides the Government saving RM1.5 million a year in the maintenance of basin dredging, the EPU said the move is also to enhance management and service efficiency of the jetties to compete with the rising number of passengers.

"It is also to reduce the Government's financial burden in terms of operating expenditure in managing and operating the jetties," the EPU said.

On its future revenue, the EPU said the privatized entity will generate its income from various sources, including passenger levy, port services

such as mooring services and stevedoring, berth occupancy and wharf charges.

At present, the core business and activities of these jetties are passenger services and cargo handling. Currently, these jetties handled about 8,000 passengers per day.

According to reports, the Kuah terminal alone is expected to handle a total of 1.2 million passengers by year-end, an increase of 15 per cent compared to last year.

However, the terminal is still running below full capacity and in terms of passenger load, there is no need for an expansion in the foreseeable future. The terminal is slated to handle 2 million passengers a year.

With the impending takeover of the three ferry terminal operations in Langkawi and Kuala Perlis by Lada, overall services should also be significantly improved.

There are 28 ferries belonging to five operators who provide essential transport and small hold cargo services to the island.

Besides LLH, Lada has also set up another subsidiary company, the Lada Langkawi Consolidated, which was mooted by Prime Minister Datuk Seri Dr Mahathir Mohamad.

Lada Langkawi Consolidated, incorporated in September 17 1997, was set up to improve the transportation services, especially sea routes to promote Langkawi as tourists' destinations. It is also set up to foresee the implementation of development and privatized projects in Langkawi.

Except Kuah and Kuala Perlis ferry terminals, the EPU said the Government has no immediate plans to privatize other ferry terminals, especially the old ones.

(END)