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PM: No decision yet on privatizing water supply

Eirmalasang Bani

THE Government has yet to decide on the privatization of water supply in the country, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

"We have not given any guarantee (on water privatization), but some people are so closed-minded that they cannot accept changes," he said.

Dr Mahathir said that people should not be sceptical of the country's privatization programme just because of the problems faced by national carrier Malaysian Airline System Bhd (MAS).

"Look at what happened to Swiss Air and Sabena. Several airlines in the US are also bankrupt. Almost all airline companies are facing problems due to the global economic slowdown.

"Just because of that (MAS' problems) we are afraid to privatize. Then the country will be undeveloped," he told reporters after launching the operations of Malaysia's first crane manufacturer, Favelle Favco Cranes (M) Sdn Bhd, in Shah Alam yesterday.

The Government spent RM1.79 billion last year to buy a controlling stake in MAS from Naluri Bhd, in a move to return the loss-making carrier to profitability.

Dr Mahathir said that one should also look at the success of privatization, such as in the case of Telekom Malaysia Bhd, Tenaga Nasional Bhd and the construction of the North-South Expressway.

"Supposing Telekom had not been privatized, we wouldn't have the kind of services that we have today. It would take years for a government department to include a certain innovation. By that time, new products would have come out.

"Because Telekom was privatized, it is now making almost RM2 billion (annually). Last time, we used to give the telecommunications department RM200 million every year, but now we don't and instead collect tax which is used for the benefit of the people," he said.

The Cabinet has allocated RM4.3 billion for water supply under the Eighth Malaysia Plan (2001-2005).

It has also approved 62 major water projects, including 47 dams, in a masterplan that will cost RM51.9 billion to implement.

The increasing demand for water and the poor condition of water supplied in some parts of the country have led to questions whether the Government would start privatizing the service.

Dr Mahathir said that the Government cannot guarantee the quality of water will improve if the service is privatized, and will leave it to the people to make their own comparison.

"When we handed over the North-South Expressway to the private sector, one-third of the infrastructure was already completed. We also subsidised the project so that the toll would not be so high.

"With privatization, we now have one of the best expressways in the whole of South-East Asia," he added.

On another development, Dr Mahathir said he expects the economy this year to be better than last year's.

"(But) I will stick to the 3 per cent to 3.5 per cent (growth in gross domestic product)," he said.

Earlier, Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi also said that the Cabinet had yet to decide on the proposal to privatize water supply in the country.

He said that before a decision is made, the Government will conduct a

study on its feasibility as well as impact on consumers.

"The Government, in its privatization programmes, will ensure that the (privatized) companies provide better and wider services," he told a news conference after launching Shell Information Technology International Sdn Bhd in Cyberjaya.

Abdullah said the statement by Works Minister Datuk Seri S. Samy Vellu on the Government's proposed privatization of water supply had provided valuable feedback.

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