

Delay in the award of projects unsettles some players

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INTEREST in water- and sewerage-related counters welled when the government awarded the water supply privatisation in Selangor and Federal Territory to Puncak Niaga Holdings Bhd, but a delay since in the issuing of further contracts has unsettled players and investors alike.

The delay has made some of the companies bidding for the huge water projects anxious about their prospects, while among investors scepticism has grown.

For the industry players, any further delay could only result in higher costs and, given the urgent nature of the project, cause inconvenience to the public.

For instance, a few months ago, WWE Holding Bhd - also connected with Puncak Niaga - was tipped to get a large sewerage project valued at about RM400mil in Jelutong, Penang. However, the project has yet to materialise.

Other projects in the pipeline include the RM3.8bil Selangor-Pahang water transfer project, the 13 sewerage projects under the Japanese Bank for International Cooperation (JBIC), and various water and sewerage pipe replacement projects and water concessions in various states.

An executive with a large Japanese company involved in bidding for one of the sewerage projects said it had been a long wait for her company, especially as the project had been announced as far back as in 2000.

"I have been in my current position for three years and nothing has been decided yet," the executive who declined to be named told *StarBiz*, adding that her term in Malaysia could end soon.

It is understood that JBIC has approved the loan totalling 480bil yen (RM1.35bil) to kick-start the project to refurbish and build 13 small- to medium-sized sewage treatment plants.

At least four Japanese-Malaysian consortiums have put in bids for the projects, which cost between RM100mil and RM250mil each.

Several local companies including Road Builder (M) Bhd have teamed up with Japanese companies such as Mitsui Corp, Hitachi and Shimizu Corp to put in bids.

However, Road Builder, declined to comment on their prospects or involvement in the project.

Other companies believed to be keen on the JBIC projects include Gamuda Bhd, Ranhill Bhd and some other companies which are part of a consortium.

According to JBIC country representative Humari Ao, the Japanese bank has evaluated the tenders and left the final decision to the Malaysian government.

Because of this, some industry players are anxious about their prospects and there is growing scepticism among investors on the overall prospects of the water industry.

Said a sector analyst with a local brokerage: "Their sensitivity is understood. What if they don't get it at the very last minute?"

One analyst suggested that some of the key projects could be decided once Datuk Seri Abdullah Ahmad Badawi succeeded Datuk Seri Dr Mahathir Mohamad as Prime Minister.

Water and sewerage projects are Federal projects and come under the purview of the Economic Planning Unit in the Prime Minister's Department.

"Given the short period of time before his retirement, I don't think that the matter will be decided any time soon," he said.