

13/06/2003

Several States in favour of KL taking over water supply

KUALA LUMPUR, Thurs. - Several States today supported the proposal for an integrated system to manage water supply in the peninsula.

Selangor Menteri Besar Datuk Seri Dr Mohd Khir Toyo said the State Government agreed in principle that it was better for the Federal Government to be responsible for water supply in the State.

He said if so, Perbadanan Urus Air Selangor Bhd, which manages water supply and distribution, might just undertake the maintenance of the State's water assets or venture into other water-related business.

If it could not find other business activities, it could be dissolved.

PUAS, a fully-owned State Government subsidiary, was formed following the corporatisation of the Selangor Water Supply Department in March last year.

Dr Khir said the complete privatisation of water supply under PUAS would cost up to RM2 billion and this was a big amount.

"The State will discuss the issue with the Federal Government soon," he said today after meeting government officers involved in State development projects last year.

Yesterday, Prime Minister Datuk Seri Dr Mahathir Mohamad asked States to review if they wanted to continue being responsible for their water supply as they were unable to do so from the financial aspect.

He had said that the cost of developing infrastructure for water supply, including new treatment plants, was enormous and it resulted in the States having to borrow money from the Federal Government.

He said when water supply was privatised, the company awarded the project could not afford to implement it without a subsidy from the Government.

The responsibility of providing water supply was given to States based on the Federation Agreement signed in 1957.

In Penang, Chief Minister Tan Sri Dr Koh Tsu Koon said today the State Government supported the proposal as many States faced financial difficulties in water management.

Koh said the implementation of the integrated system would see the Federal Government playing a major role in providing water supply to all.

"But that does not mean State Governments will have no role to play as we can still work together with the Federal Government in supplying water to the people."

In Alor Star, Menteri Besar Datuk Seri Syed Razak Syed Zain admitted that the State Government suffered losses for water supplied by Kedah Public Works Department (Water Supply) as it had to subsidise it.

He said plans to corporatise and privatise the service would not solve the problem as the State Government could not allow the company to increase the rates.

He said the suggestion made by Dr Mahathir would be discussed with various parties and the conclusion presented at the meeting of the National Water Council.

In Seremban, Negri Sembilan Menteri Besar Tan Sri Mohamed Isa Abdul Samad said the State Government always acted on the advice given at the meeting of the Menteris Besar and Chief Ministers.

He said at yesterday's meeting of the MBs and Chief Ministers in Putrajaya, Second Finance Minister Datuk Jamaluddin Jarjis advised the State to privatise water supply.

He said the State needed Federal support but the Federal Government could not go on helping the State forever as the former also had other commitments.

He said the Negri Sembilan Government had taken loans totalling RM1.1 billion from the Federal Government.

"I do not see how we can repay the loan to the Federal Government. Even if we pay, we cannot settle the whole amount," he said.

The water supply issue was being studied by the Economic Planning Unit (EPU) and the State Government would abide by its recommendations.

In Paka, the Terengganu State Government said it has no intention of handing over water management to the Federal Government, State Infrastructure, Public Facilities and Communication Development Committee chairman Yahya Ali said the State Government would lose revenue if it did so.