

MP: Follow Penang's water industry blueprint

Malaysiakini.com

June 6, 2011

The DAP has called upon Minister for Energy, Water and Green Technology Peter Chin to heed Premier Najib Razak's call for the water industry in all the Pakatan states to be modelled after Penang's.

"He must use the power in his hands, as prescribed by the Water Services Industry Act 2006, as well as the fact that the water bonds will be held by the federal government," DAP national publicity director Tony Pua said in a statement.

Such coercion, he said, would force water companies such as those in Selangor to concede their control over the water industry to the state government.

To ensure fairness to all parties concerned, Pua suggested that disputes over valuation and terms be resolved through an international arbitration panel of water, legal and financial experts.

Any refusal on the part of Chin to do so, he warned, would not only be a slap on Najib's face, but would also bring strife to the water industry in Selangor, which is currently controlled by four companies.

This is crucial as without any say in water tariffs, the state government would find it difficult to look after the interest of the people.

Last Thursday, Najib and the Penang Chief Minister Lim Guan Eng signed a historic water deal between Perbadanan Bekalan Air Pulau Pinang (PBA) and the federal agency, Pengurusan Aset Air Bhd (PAAB).

Praise for the Penang model

At the event, Najib praised Penang's water industry restructuring exercise and called for similar outcomes in the other Pakatan states.

The statement is particularly applicable to Selangor, where a fractious water industry is resisting consolidation under the state government.

Under the Penang model, the state water assets come under the control of a single listed entity, the PBA or Pihak Berkuasa Air, with the state government holding a majority 65 percent stake.

This ensures that all decisions relating to the provision of water services are under the control of the state government.

But despite Najib's open praise of the Penang model, the federal government is not giving any support to the efforts of the Selangor government.

Instead, it is backing water concessionaires Puncak Niaga and Syabas to the hilt to make sure that these companies continue to retain control over the water industry in Selangor.

The BN government has gone to the extent of bailing out the water companies from their debt burden by taking over their bonds worth RM6.5 billion, without binding these companies to any restructuring exercise.