

## **Chin Must Heed PM's Call For Penang Water Agreement To Be "Model" For All Pakatan States.**

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Last Thursday, the Prime Minister, Najib Abdul Razak and the Penang Chief Minister, Lim Guan Eng signed a historic agreement to transfer the state's water assets held by Perbadanan Bekalan Air Pulau Pinang (PBA) to the federal agency, Pengurusan Aset Air Bhd (PAAB).

This transfer is in exchange for leaseback by PBA of the said assets at a low interest over a period of 45 years in addition to other terms such as the conversion of Penang's outstanding loan of RM655.24 million to the federal government into a grant as well as a special grant allocation of RM1.2 billion for the expansion project of Mengkuang Dam.

What is of particular importance, especially for other Pakatan-led states is the fact Najib praised the Penang "model" for the water restructuring exercise, and called on similar outcomes in other Pakatan states.

The statement is particularly applicable to the Selangor state which fractious and trouble water industry is resisting consolidation under the state government.

In Penang, while PBA is listed on Bursa Malaysia, the state government retains a majority 65% stake in the company, ensuring that all decisions relating to the provision of water services are in full control by the state government.

In fact, the Federal Government has under the above agreement ceded final say on water tariffs to the state government. The state government has also assured the public that water tariffs will not be increased under the restructuring exercise.

The Selangor government have sought to restructure the water industry to the same effect. The state seeks to consolidate the disparate water companies in the state, and retain control over water tariffs so that consumers in Selangor and KL will not be burdened by profiteering from these private water companies.

However, the Federal Government has failed to give any support to the efforts of the state government, and have instead back Puncak Niaga and Syabas to the hilt to ensure that the latter will continue to retain control over the water industry in Selangor post-restructuring.

In fact, the BN Government has gone to the extent of bailing out these water companies from their debt burden by taking over RM6.5 billion of these debts without binding these companies to any restructuring exercise. The result is, there will be no incentive for these companies to agree to any consolidation because the Federal Government has removed the only bargaining power in its hands.

The Minister for Energy, Water and Green Technology, Peter Chin should heed Najib's call for all Pakatan states water industry to model 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 to force these private self-interested water companies to concede their control over the water industry to the Selangor state government. Any disputes over valuation and terms can be

resolved via an international arbitration panel of water, legal and financial experts.

The refusal of the Minister to do so will be a figurative slap on Najib's face for the water industry in Selangor will remain under the fragmented control 4 water companies, with the state government having little or no say to ensure that the interest of its citizens is fully protected.

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