

IWK revamp another 'rebranding' exercise, claims PKR
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KUALA LUMPUR, Nov 1 — PKR demanded today Putrajaya explain an alleged proposal to dissolve the Sewerage Services Department (SSD) under its restructuring plan for Indah Water Konsortium (IWK), claiming the move would eliminate checks and balances in sewerage management.

PKR secretary-general Saifuddin Nasution (picture) claimed the proposal, along with the formation of a "National Sewerage Company" or Nascom to replace IWK, has already been presented to the Cabinet for approval.

He said PKR had obtained documents that "clearly" indicate the restructuring exercise merely meant the "rebranding" of IWK to Nascom.

"It clearly shows the government has no intention of finding a long-term solution to resolve the issues surrounding IWK and the country's sewerage management system," he told a press conference in Parliament.

He said the government planned to merge all bodies and agencies in the sewerage industry under Nascom, a move that would ultimately result in the dissolution of the SSD.

"The plan to dissolve the department proves Barisan Nasional's (BN) intention to eliminate the element of checks and balances in the system and create a monopoly in the country's utilities management.

"The department plays an important role in checking the performance and operations of the IWK and other concessionaires," he said.

Saifuddin said it was "illogical" to dissolve the department with the reason that it would help to cut cost, saying its 200-strong workforce was significantly smaller than that of IWK's.

The Machang MP added the "rebranding" of IWK would be a costly exercise that would not help the firm escape financial losses.

"IWK has already changed hands and been rebranded five times before it was taken over by the government in 2000," he said.

Earlier this month, the Finance Ministry admitted it had spent RM1.2 billion to sustain IWK's operations since nationalising the national sewerage company in 2000.

It said in a reply to a parliamentary question from Anthony Loke (DAP-Rasah) that IWK has liabilities amounting to RM2 billion, while its assets were valued at about RM1.2 billion.

"The government has spent about RM1.2 billion to cover IWK's operational deficit due to low sewerage tariffs compared to the true cost of operations.

"IWK's total liability up to June 2011, most of which are government support loans, is RM1.98 billion," it had said.

The ministry had also confirmed plans by the Energy, Green Technology and Water Ministry to restructure the sewerage industry, review sewerage tariffs and guarantee future capital expenditure.

Second Finance Minister Datuk Seri Ahmad Husni Hanadzlah had said on September 10 that IWK would be merged with a government unit, confirming a report by The Malaysian Insider.

Ahmad Husni had at the time said the merger process was already under way but declined to disclose the name of the government subsidiary, except to say that IWK would continue to be government-owned after the merger.

The Malaysian Insider reported on September 8 that IWK would be privatised into a consortium led by strategic investment agency 1MDB, some 11 years after the government was forced to bail out the national sewerage company from financial difficulties under its previous owners.

Finance Ministry sources had told The Malaysian Insider that the 1MDB-led consortium will include water distribution company Puncak Niaga, and that the deal has been given the nod by the Economic Council chaired by Prime Minister Datuk Seri Najib Razak.

However, it is understood that some ministry officials are still scrutinising the deal amid concerns about its feasibility and worries over whether the government could once again be forced to bail out the company if the latest plan fails.

Under the proposed deal, the 1MDB consortium will acquire IWK for RM1 and take over its debts which include more than RM1.5 billion in loans still owed to the ministry.

The consortium is seeking a 60-year concession from the government and will only pay back the principal amount and interest on the loan over the long term.

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