

WK deal a return to Dr M policies, says Pakata
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By Shannon Teoh

KUALA LUMPUR, Sept 8 — Pakatan Rakyat (PR) has questioned Putrajaya's latest plan to privatise national sewerage company Indah Water Konsortium (IWK), calling it a return to the pitfalls of Mahathir-era policies.

Lawmakers from the federal opposition told The Malaysian Insider that the transfer of IWK to a consortium that includes national strategic investment arm 1MDB and Puncak Niaga revived the strategy of "privatising profits" for "Umno's interest instead of the public's."

DAP strategist Liew Chin Tong (picture) pointed out that if "Puncak Niaga thinks it is a good financial proposition, why not an open bid or an independent acquisition? Why involve 1MDB?"

"Will Puncak Niaga take on the debt or is the government going to sweep it under the rug?"

"It is a return to Mahathirist policies of compartmentalising profits for Umno's own interest as seen in other privatisation deals such as highway concessions and licensing permits to fund Umno warlords," the Bukit Bendera MP said.

PAS central committee member Dzulkefly Ahmad also noted that it mirrored the deal in Selangor in 2002 — when Tun Dr Mahathir Mohamad was still PM — which saw Puncak Niaga and the then BN-held Selangor administration sharing out the water supply business in the state.

"Puncak Niaga took on 70 per cent while giving 30 per cent to the state, ensuring that the government cannot allow it to fail," the PAS research chief said.

The Malaysian Insider reported this morning that plans are afoot to privatise IWK, some 11 years after the government was forced to bail out the national sewerage company from financial difficulties under its previous owners which included Tan Sri Vincent Tan.

Finance Ministry sources 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 because of concerns about its feasibility and worries that 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 Treasury.

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.

In 2000, the Mahathir administration paid nearly RM200 million to nationalise IWK, which had already racked up a RM700 million debt to "safeguard public interest and to avoid service disruptions."

The bailout exemplified the pitfalls of the former prime minister's privatisation policy in which government-owned assets or resources were allocated or sold to private investors in the hopes of generating profits.

Dzulkefy, who is also Kuala Selangor MP, said that "it is an open secret that the outfit will provide for the political coffers of Umno" especially in Selangor where Najib has called on BN to regain the country's richest state "at all cost."

Liew also said that while Puncak Niaga has long been said to be the main funder of Umno's Selangor war chest, "it is now expanding nationally, with a strange RM670 million water supply deal in Sarawak given in May."

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