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KENNY YAP



Ahmad Faizal (centre) briefing on PAAB's Langat 2 water treatment plant project tender. With him are PAAB COO Mohd Farid Nawawi (left) and head of project management division Kamaruddin Abdul Razak.

Langat 2 kicks off on cautious note

PAAB hopes to *get* development order from Selangor govt by June next year

by **Jose Barrock**
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KUALA LUMPUR: Pengurusan Aset Air Bhd (PAAB) commenced the tender process of the Langat 2 water treatment plant, estimated to cost RM3.7 billion, on a cautious tone stating that it has the right to hold off the awarding of the job if

it cannot be carried out.

In making available the tender documents, PAAB CEO Danuk Ahmad Faizal Abdul Rahman said PAAB "reserved the right not to award the project, if it could not move (was stalled)."

"We will make sure that there is some certainty from the federal (government) and that the

project can be implemented," he explained as some 15 companies paid RM10,000 each to pick up the tender documents.

Fully aware that the water treatment plant project cannot take off unless the Selangor state government issues a development order, PAAB hopes to secure the necessary approvals by June next year.

"It is illegal to proceed with something like this without a development order. But the development order issue will only arise at the point when the contract is awarded in 10 months' time. We hope all issues are resolved by then," said Ahmad Faizal at a media briefing yesterday.

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Water treatment plant likely to cost RM1b

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Selangor is against the project on the grounds that it should be stapled with the restructuring of the water assets in the state, something that the federal government do not agree on.

He said the federal government decided to go ahead with the building of the treatment plant after much consultation with various parties.

"I have to stress that this decision was made by the Cabinet Committee after they got input from the AG's Chambers, the regulators and all the data [required]. It was based on certain parameters, and they are certain they can carry this project through... there are other laws which allow public works to continue," he added.

Some 65 companies attended the briefing yesterday and some are expected to follow PAAB to a site visit today.

Ahmad Faizal said the project involved the acquisition of about 300 parcels of land, out of which PAAB is close to finalising the acquisition of 200 parcels.

"But when we talk about land for the treatment plant alone — which is about 86 lots — most of it has been approved. So in terms of land, there is no real issue in [commencing] building the plant," he said.

While Ahmad Faizal decline to give specifics, the water treatment plant, industry players say, is likely to cost slightly more than RM1 billion.

"The general rule is that it costs RM1 million for every one-million-litres-a-day [MLD] capacity, which means that the 1,130 MLD treatment plant should cost slightly over a billion," an analyst from a local brokerage said when contacted.

While PAAB has been busy organising the tender to build the treatment plant, the Selangor state government is expected to make an offer for the water assets later this month, as part of a consolidation exercise.

Selangor has three water treatment operators. They are Puncak Niaga (M) Sdn Bhd, Syarikat Pengeluar Air Selangor Holdings Bhd (Splash) and Konsortium Abass Sdn Bhd, while the sole water distributor is Syarikat Bekalan Air Selangor Sdn Bhd (Syabas).

Puncak Niaga (M) is wholly owned by Puncak Niaga Holdings Bhd, which also has a 70% equity interest in Syabas.

Splash is 40% owned by Gamuda Bhd and 30% each by Selangor state via Kumpulan Perangsang Selangor Bhd (KPS) and Tan Sri Wan Azmi Wan Hamzah's The Sweet Water Alliance. KPS has 55% of Konsortium Abass, with the remainder being held by well-connected Operasi Murni Sdn Bhd.

While there have been several attempts to consolidate the fragmented water sector, the state has hit a brick wall with Puncak Niaga, which is 41% controlled by well-connected businessman Tan Sri Rozali Ismail.

Rozali had thwarted all previous attempts to buy Puncak Niaga, his contention being he was waiting for some direction from the federal government which had a golden share in Syabas.

"I believe there is a new vigour to push ahead with the restructuring. I heard this new offer will be seriously discussed with the operators. Both parties realise that without restructuring, everyone will face problem in Selangor... whether it's Barisan Nasional or Pakatan Rakyat. It doesn't matter; it has to be resolved," Ahmad Faizal said in conclusion.