

PBAPP: Penang government's RM140m soft loans for capex projects



On claims that PBAPP was cash-strapped, Jaseni said the company's holding firm, PBA Holdings Berhad (PBAHB), has been reporting operating profits and paying dividends to shareholders for the past 14 years. — Picture by KE Ooi

KUALA LUMPUR, Oct 15 — Penang Water Supply Corporation (PBAPP) today clarified that two “soft loans” amounting to RM140 million from the state government were to finance capital expenditure (capex) projects and not for “cashflow” purposes.

Its chief executive, Datuk Jaseni Maidinsa, said the loans were in line with the water company and Penang government's effort to prevent disruption of water services towards 2020.

“PBAPP would like to reiterate that the state government loans are for capex projects, and not for ‘cash flow’,” he said in a statement.

Capex projects, Jaseni said, were expensive and thus required “ample financing”.

He said the loans given to PBAPP this year were also to avoid a water tariff review.

Between 2008 and 2016, he said, PBAPP had invested RM484 million on 262 capex projects in the state.

“The ‘soft loans’ will primarily be used for projects related to water resource development; upgrading and construction of water treatment plants and reservoirs; laying new trunk mains; non-revenue water (NRW) management; as well as computerisation and geographical information system (GIS) projects,” he said.

On claims that PBAPP was cash-strapped, Jaseni said the company's holding firm, PBA Holdings Berhad (PBAHB), has been reporting operating profits and paying dividends to shareholders for the past 14 years.