

Soft loans for Capex projects, not cash flow, says Penang Water Supply Corporation



(File pix) The Penang government has provided a RM140 million 'soft loan' to Penang Water Supply Corporation (PBAPP), amidst claims that the company was suffering from cash flow problems. Pix by Zulfadhli Zulkifli

By **AUDREY DERMAWAN**
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GEORGE TOWN: The Penang government has provided a RM140 million 'soft loan' to Penang Water Supply Corporation (PBAPP), amidst claims that the company was suffering from cash flow problems.

However, PBAPP chief executive officer Datuk Jaseni Maidinsa stressed that the money would be used to finance its capital expenditure (Capex) projects.

"PBAPP wants to reiterate that the Penang government loans are for Capex projects, and not for cash flow. These loans will allow PBAPP to succeed in its programmes to support a 'No Water Rationing Policy' in Penang towards 2020.

"PBAPP regrets the publication of news reports suggesting that PBAPP suffered from cash flow problems. Nothing can be further from the truth," he said in a statement today.

Reiterating, Jaseni said its public listed holdings company, PBA Holdings Bhd (PBAHB) had been reporting operating profits and paying dividends to shareholders for 14 consecutive years since 2003.

"However, PBAPP continuously invests in Capex projects to further improve water supply services in Penang. The cost of these Capex projects is high and requires ample financing. In the period between 2008 and 2016, PBAPP had invested a total of RM484 million in 262 Capex projects in Penang.

"(This year), the Penang government stepped forward to provide two soft loans, amounting to RM140 million, to PBAPP to avoid a water tariff review," he said.

Jaseni said the loans would 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.

All these projects, he said, were meant to further improve water supply services in Penang, and to avoid water rationing during extended dry seasons, for the benefit of 1.72 million people and thousands of businesses.

"PBAPP will continue to invest in projects to sustain 100 per cent urban and 99.8 per cent rural water supply coverage, in tandem with the state's socio-economic growth."