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Indah-Sewerage (News Analysis)

SEEING SEWERAGE PRIVATISATION IN THE PROPER LIGHT

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KUALA LUMPUR, Nov 26 (Bernama) -- When the federal government privatised the country's sewerage services in 1993, the company which was granted the concession chose to call itself by a very beautiful name, Indah Water Konsortium.

Indah means beautiful in Malay but Indah Water, or better known in the media by its acronym IWK, did not have a beautiful start.

It sailed into troubled waters right from the start -- a far cry from the success enjoyed by other companies which joined the privatisation bandwagon which is often described as a goldmine.

Compared with the privatisation of the more "glamorous" entities like Telekom Malaysia Bhd, Tenaga Nasional Berhad and Malaysia Airlines which were preceded by much fanfare, that of IWK was very low key and caught many people by surprise.

This may explain why there was so much initial public resistance to pay IWK's bills even though the charges for sewerage services for each household at between RM2 and RM10 per month should not have been an issue considering IWK is undertaking the largest privatisation project of its kind in the world.

The sewerage privatisation triggered a typical reaction from Malaysian consumers when they were asked to pay for something which they did not have to before, just like the hoo-ha when highway toll plazas first appeared all over the country in the last few years.

IWK became the most criticised privatisation company, so much so that its first executive chairman, Datuk Ghazi Ramli, a man who showed great passion for the project, had to quit earlier this year following a change of ownership in the company.

In his press briefings, Ghazi made famous the IWK motto "Waste Water Made Clean" and words like "The Next Time You Flush Your Toilets, Think of Indah Water".

But stung by public criticisms, mainly centring around IWK billing consumers for services it did not appear to be providing, the government ordered a review of the charges and IWK had to suspend its billings.

And more woes came IWK's way last week with the announcement by Prime Minister Datuk Seri Dr Mahathir Mohamad that the government had agreed to write off the arrears in charges owed by consumers to the company, a move which means that IWK would forgo a revenue of RM180 million.

Due to the controversy associated with this privatisation, IWK is unable to collect payments from most of its two million billings.

IWK, which is understood to have already spent over RM300 million for the various services it provides, is now allowed to start billing only from the New Year and on revised rates which seemed to have gone down more favourably with the public.

But analysts familiar with previous privatisation exercises said public protest over IWK charges clearly showed a gross lack of understanding over the important services which IWK has actively been providing in line with the 28-year concession agreement.

Public debate over the issue has also diverted attention from the importance of the privatisation to public health and the fact that it is the biggest privatisation in the public health sector.

The analysts said what has not been told was that IWK had come to the "rescue" of a massive sewerage system which was in bad shape at the time it

took over the services from the various local authorities.

Before the takeover, only one per cent of individual septic tanks, the most common form of sewerage system in Malaysia, were desludged or cleaned up while there was no proper treatment of the sludge.

Due to limited funding, some 80 per cent of the 3,600 public sewage treatment plants were not functioning or were completely out of order.

Many sewerage systems were left in the hands of private developers who had failed to monitor and maintain them while sub-standard sewerage systems were built because there was lack of technical supervision for sewerage construction by developers.

Much of the work IWK is doing goes on underground and this perhaps explains why people do not generally see what it is providing.

It is operating and maintaining 4,700km of sewer pipes that link hundreds of thousands of homes to the treatment plants, about the same distance as from Kuala Lumpur to Fukuoka in Japan and longer than from Kuala Lumpur to Perth in Australia.

IWK is also building modern treatment plants, laying out more underground pipes as well as enhancing the efficiency of existing plants under the RM7 billion budget it has committed to spend till the year 2021.

The analysts said privatisation was most necessary as the nation's sewerage system had failed to keep up with the rapid pace of development.

The cost of developing a modern and efficient sewerage system is too expensive to be borne by the government.

In simple terms, a sewerage system ensures that human waste is treated and disposed of in a safe manner. Sewerage is more than just human waste and urine. It includes waste water from kitchens, bathrooms and laundries.

Untreated human waste may carry bacteria and viruses which cause diseases like cholera, typhoid and hepatitis A. The infected waste that ends up in the sea will enter marine creatures such as fish.

The importance of IWK proceeding with the work it is assigned to do without further delay due to prolonged public debate, cannot be over-emphasised, said the analysts.

This is all the more so amid reports of deteriorating conditions of rivers and general environmental pollution caused by development. For example, 72 per cent of rivers in Malaysia are polluted and, of the number, 65 per cent are caused by raw sewage.

Even in Pulau Pinang, the sewer pipes carry untreated sewage directly to the sea.

IWK says each year Malaysia produces three million cubic metres of domestic sludge. This is enough to fill the Petronas Twin Towers here, the world's tallest building, to the 78th floor.

Another scary fact is that facilities to treat and dispose of the sludge are virtually non-existent in the country and 1.5 million cubic metres are stored in existing treatment plants.

But IWK senior general manager of communications Mirza Mohamed Tariq is optimistic about eventual public acceptance of the privatised sewerage services as they see more and more of IWK's involvement.

"We have been bearing the brunt of public criticisms for so long but we think this is part of the big challenge we have to live with in undertaking this massive task," he told Bernama. -- BERNAMA

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