

KL has no right to review price, says Singapore

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SINGAPORE: The republic is to challenge every aspect of Malaysia's "claims" that it has the right to a price review under the 1961 and 1962 water agreements.

"We reiterated our position that Johor should have invoked the review clauses in 1986 and 1987 and that Johor has lost its right of review.

"If Malaysia insists on a review outside the package, Singapore will have to challenge every aspect of Johor's claims," Foreign Minister S. Jayakumar told parliament yesterday.

Malaysia, he said, insisted that Johor had not lost its right of review and that the price revision be discussed by both sides but not as part of the bilateral package.

On the supply of water in the future, Jayakumar said, Malaysia had indicated that "the detailed discussions should be undertaken two years before the expiry of the 1962 agreement".

"For Singapore, a key element of the package is the

long-term supply of water. To say that we should talk about this issue only in 2059 was not realistic and showed that they were not serious."

On the meeting of senior officials from Oct 16 to 17 in Johor Baru, Jayakumar said Malaysia was only prepared to discuss a review of the current supply of raw water, "as evident from the wording of their agenda and banner".

He said Malaysia presented the same formula for the current supply of water as it did at the Second Ministerial Meeting here on Sept 2 - the price of raw water today as the average cost of desalinated water and Newater, less the treatment cost in Johor.

He said the Malaysian delegation could not justify the pricing formula under the review clauses in the existing water agreements.

"We reminded Malaysia that the provisions in the agreements allow for a price review using the rise/fall in the purchasing power of money and the rise/fall in

the cost of labour, power and materials for the purpose of supplying the water, and that there are no provisions for retrospective payments."

"As the Singapore Public Utilities Board incurred all these costs, the only relevant factor is the change in the purchasing power of money.

"Using the Malaysian Consumer Price Index, we calculated the revised price of raw water would be no more than 12 sen per thousand gallons. But we made it very clear that the 12 sen was not an offer but a calculation based on the review clauses."

The Malaysian side, Jayakumar said, had asked if Singapore would consider going beyond 12 sen.

"They pointed out Singapore previously offered 45 sen. We said we could not go outside the review clauses and that we had no leeway to make any concessions because the package was off due to PM (Prime Minister Datuk Dr) Mahathir's (Mohamad) letter of Oct 7."