

04/07/2004

Ensuring smooth flow of water for the future

By Rajan Moses

THE management of Malaysia's water supply to the public and industry by those in charge has rapidly and literally gone down the drain in recent years.

Hundreds of thousands of irate consumers and households, especially those in the populous and fast-developing Klang Valley, are at their wits' end daily over the nagging problem of just getting potable water from their taps. Leave alone higher water pressure.

After all, it is only logical that because we live in a tropical country blessed with ample rain, our rivers, reservoirs and hence our taps should be overflowing with water.

Not so.

Sad to say, the managers and operators of water-supply facilities in several key Malaysian States have failed to live up to high consumer expectations and fast-changing times.

Instead of meeting consumer needs and boosting efficiency, they ended up owing billions of ringgit to operators of water-treatment plants, thanks to lax management and enforcement.

They myopically embroiled themselves in negotiations for costly privatisation projects that were only piecemeal solutions to a more fundamental and larger water problem.

Recently, the Public Accounts Committee declared that State Governments alone do not have the capacity to resolve water management problems, and said poor Federal-State co-ordination was the main cause of the disastrous state of water management nationwide.

Many water managers have placed great emphasis on procuring more and more raw water, treating it and then piping it out to an ever-growing base of consumers.

But they have many times failed to realise that old and sometimes ancient pipes are bursting at the seams here and there because they can't take the pressure from the extra water pumped out.

This has resulted in low water pressure, or even no water pressure, in some residential areas, causing hardships and disruption to family life. Not enough attention has been paid over the years to replacing old water pipes, although the consumer base has been growing fast.

Another key reason for the poor water supply situation in Malaysia is the high level of non-revenue water (NRW), which now stands at around 20-60 per cent of all water supplied, depending on the State.

NRW is due to leakage from old water pipes, theft of water and improper or inefficient billing systems, and is a high cost factor in the local water sector. The Selangor State Government, for example, owes suppliers of its treated water close to RM1.4 billion, a debt piled up over the years.

The water business is big business.

The Government anticipates it will spend RM52 billion on implementing and supporting water-related projects until the year 2050.

In the Klang Valley and surrounding areas, where the need for water is growing by the day, Selangor (together with Kuala Lumpur and Putrajaya) could spend up to RM14 billion to adequately meet consumer demand.

Ahead of his retirement last July, former Prime Minister Tun Dr Mahathir Mohamad made a bold and significant move that will have a lasting impact and consequences on the management of water supply now.

He chaired a meeting of the National Water Council and managed to cajole all States in the peninsula to surrender their water rights to the Federal Government, so supply management could be carried out centrally in a co-ordinated and orderly manner.

Acting very quickly, his successor Datuk Seri Abdullah Ahmad Badawi set up a new ministry called the Ministry of Energy, Water and Communications after the elections in March to specifically address and resolve this hot, bread-and-butter issue of water management.

The Government has also pledged to provide water supply throughout the nation to all households by the year 2010, sparking the need for all involved to up the game on the water front.

Taking the cue, the minister in charge of water, Datuk Seri Dr Lim Keng Yaik, has moved swiftly.

He recently caused a major buzz among water industry players by declaring that state water privatisation and projects would be put on hold pending the establishment of a National Water Services Commission to regulate the industry by the end of the year.

He has studied the British water regulation and operation system, and hopes to adapt some of its useful features to the new Malaysian system now in the making.

Dr Lim says a holistic approach is needed to avoid past mistakes in the management and distribution of water. For water privatisation to be successful, the chosen operator must be responsible for the whole water chain from procuring raw water to water treatment, distribution, billing and finally the most important part: the bill collections.

A major problem in Malaysia is the hefty capital expenditure needed by private operators to set up the infrastructure and run water treatment, distribution and billing systems.

"If you push all the capital expenditure to the privatised company, they will only have one thing in mind: transfer the costs to the consumer. Our water players are more interested in capital expenditure rather than operating expenditure," Dr Lim says, adding the cost of the water would then be too high for the customer.

His ministry is, therefore, working with a group of British and local bankers and consultants to draft plans for the creation of the commission, and also to discover novel and cheaper ways of funding future water projects.

This could include the creation, with Bank Negara's help, of some kind of attractive government bonds to raise cheaper funds for water projects.

Dr Lim expects the national water regulator, the commission, to be established by the end of this year and to set benchmarks and performance standards private water operators and aspirants must adhere to in order to be involved in projects.

The next step in his strategy is that in the weeks and months ahead, following Cabinet approval, his ministry will move to stem the flow of NRW and ensure water quality by checking pipes and water treatment plants nationwide.

This should in time help restore some of the lost NRW water to consumers and improve the supply situation somewhat.

Dr Lim has appealed for time to repair the severe damage done in the past to Malaysia's water supply system by poor management.

Meanwhile, he urges the public to refrain from wasting water or face higher costs, suggests that groundwater be tapped where there may be a looming shortages, such as in Selangor, and has sought more efficient and maximised use of water from existing river systems for treatment.

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