

Under ETP, you'll pay by the garbage load
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Malaysians will have to watch how much waste they produce if they want to escape paying a high fee for waste disposal under the Economic Transformation Programme's user pays model.

According to the ETP roadmap launched yesterday, solid waste management will be privatised and all premises will be charged according to the amount of waste discarded.

"Solid waste management tariffs will be reflective of costs, differentiated and linked to the volume of waste disposed of (in order) to create incentives to reduce waste generation, in line with the principle of polluter pays," the roadmap states.

While the government boasts that the ETP is a programme with detailed time lines and targets, details on solid waste management are scant.

Nor does the programme explain how the government will curb any rise in the illegal dumping of household waste or open burning of garbage, which are likely to happen if users want to escape high charges for waste disposal.

At present, city and municipal councils provide the service through private companies they engage, which are in turn paid with revenue from licences, quit rent and assessment fees.

The only available information is that waste treatment would be done on a public-private partnership basis, with the private sector partners selected through open tenders.

Waste collection services will also be taken away from city and municipal councils and be centralised under the federal government, which in turn will pass the task to a concessionaire on a 22-year contract.

"The contract will incorporate meaningful and sufficiently punitive penalties for under-performance (and not just non-payment) and similarly, reward good performance.

"The contract should also provide flexibility to the government to routinely review tariffs to ensure fair and reasonable rates," it says.

New model will cost RM1.4 billion more

Local councils have raised concern over the centralisation of waste management, saying this would privatise profits but leave the councils with ratepayers' complaints to deal with.

But they will no longer be able to do anything about this, since waste management will come under federal jurisdiction.

The waste management industry is a lucrative business. The contract with the Petaling Jaya City Council, for example, is worth RM52 million a year.

The cost of solid waste management is expected to increase to RM2.4 billion a year from about RM1 billion at present when the Solid Waste and Public Cleansing Management Act, which centralises waste management, is enforced next year.

Under the Act, only entities that have been issued a permit by the Housing and Local Government Ministry are authorised to collect garbage and manage solid waste in all states in Peninsular Malaysia and the federal territories of Putrajaya and Labuan.

The Act was gazetted in 2007 but has not been implemented yet because of issues over the privatisation aspect.

The solid waste management entry-point project will require funding worth RM3.5 billion from 2011 to 2020, of which the bulk will be from the private sector.

The industry is expected to generate a RM157 million in annual contribution to the gross national income.

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