

MoU won't lead to increase in water tariffs, says Putrajaya

Malaysian Insider

6 March, 2014

By Elizabeth Zachariah

Putrajaya has rebutted allegations that water tariffs in Selangor, Kuala Lumpur and Putrajaya will be increased following the construction of the Langat 2 water treatment plant.

The response from the Ministry of Energy, Green Technology and Water comes just days after PKR strategic director Rafizi Ramli said that the Memorandum of Understanding (MoU) signed between Selangor and Putrajaya was not beneficial to the people as at the end of the day, they could be forced to pay higher prices for water because of the agreement.

Other senior PKR leaders have been as critical of the MoU inked on February 26, and have also questioned whether it was wise to give in to Putrajaya's demands for Langat 2 treatment plant, which the Selangor Pakatan government had in the past said was unnecessary.

The Langat 2 plant, when completed, will process raw water piped in from Pahang to meet the needs of Selangor, Kuala Lumpur and Putrajaya.

In a statement today, the ministry said under the MoU, the Selangor government would take over the four water concession companies in the state, and operate them under a subsidiary under the state.

"The company will be the water operator for Selangor, Kuala Lumpur and Putrajaya," the ministry said.

It said that the water operator would be tasked with coming up with a business plan which must be submitted to the National Water Services Commission (SPAN) for approval. This includes plans to increase water tariffs to ensure its feasibility.

"So, the Selangor government, through its subsidiary, will be the one to determine the need to increase water tariffs as well as the quantum of increase, taking into account the business plan to operate supplying water to Selangor, Kuala Lumpur and Putrajaya," it said.

On Monday, Rafizi said that the total cost of the water restructuring deal between Selangor and Putrajaya could balloon to RM20 billion and the people of Selangor could be seeing higher water tariffs in the future.

He said the RM20 billion price tag was arrived at by adding the cost of taking over the four companies in charge of Selangor's water industry, which could be between RM9.65 billion and RM14 billion, and the cost of building the Langat 2 water treatment plant, which is at least RM8 billion.

The ministry said today that the MoU underlined two main points, which involved benefits for both parties.

One is that Selangor will take over the four water companies – Syarikat Bekalan Air Selangor (Syabas), Puncak Niaga Sdn Bhd (PNSB), Konsortium Abbas Sdn Bhd (Abbas) and Syarikat Pengeluar Air Selangor Holdings Bhd (Splash).

This will allow the state government to reverse decades of privatisation of the Selangor water industry by offering RM9.65 billion to the shareholders of the four companies to take over their shares and debts.

Khalid had said that the MoU would enable Selangor to reduce the rate of water lost to theft and leakage and set their own prices for water, which would be affordable.

The MoU also states that the federal government has given Selangor an additional RM2 billion to take over the equity in the companies.

"Through the memorandum, the federal government has expressed its willingness to help the Selangor state government to obtain funds to take over the water concession companies," the ministry said in the statement.

The other point is that the state government will give out the necessary approval for Langat 2 construction to begin immediately.

The ministry's swift response to Rafizi's statements is a departure from the norm among ministries and agencies which usually have no prompt replies to this sort of allegations.

In January, Prime Minister Datuk Seri Najib Razak ordered mandatory media training for his ministers to avoid more gaffes that have made his administration the laughing stock among Malaysians.

This was after Najib was ridiculed for his infamous kangkung statement in a video which went viral and caught the attention of the British Broadcasting Corporation (BBC). – March 6, 2014.

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