

By : DATO' SRI MOHD NAJIB TUN ABD RAZAK
Venue: HOTEL ISTANA
Date : 28-04-2004
Title: 16TH MWA ANNUAL DINNER

I wish to thank the Malaysian Water Association (MWA) for inviting me to its 16th Annual Dinner and Award Presentation tonight. I am honoured to be with water and wastewater professionals and industry leaders. Undoubtedly the MWA can play a big role in ensuring the efficient management of our country's water resources for long term sustainability.

Globally today, there is an unprecedented surge of interest in water. It is not hard to speculate why this is happening: drought, climate change, global water challenges, competition for a scarce resource, better appreciation of river vulnerability, water quality and standards etc. have made water a crucial element of the national agenda.

Water is a vital element in our society as it satisfies the drinking and industrial needs of our growing population. It is also the key to economic and sustainable development. For Malaysia to prosper long into the future, we must ensure we have a supply of water that is safe, easily replenished, efficiently used and that is provided at reasonable and affordable rates.

Therefore, it has always been the government's policy to provide adequate basic amenities and utility services to all Malaysians. Access to clean water has improved tremendously over the last two decades. Now, about 100% of the urban population and more than 87% of the rural population have access to piped water.

For sewerage services, approximately 30 percent of the population currently has connected services and the remainder has on-site septic tank system or other systems. By 2020, Malaysians will have access to sewerage services with anticipated 85 per cent of the population with connected services and the rest utilizing on-site septic tank system.

A number of contentious issues arising from our water supply and wastewater include standards of services provided, efficiency, water quality, pricing, the environment and sustainable development. Such a broad range of issues will definitely pose great challenges to the Government and MWA in the coming years. These challenges will require

innovative approaches as well as specific mechanisms to ensure utility system management. The integrity of the industry's efforts to deliver a safe and abundant drinking water supply to the public must not be compromised.

This evening is my first address to the Malaysian water community as Deputy Prime Minister, and I am fully aware that water utilities are in the midst of significant changes. Water is now facing the same market, cultural, technological and political pressures that have come to bear on gas, telecommunications and electric industries. These pressures are now building on an industry that has typically not faced competition and close public scrutiny.

The country has inherited a water administration structure since independence, with much of it remaining virtually unchanged. Water legislation and management are enforced by the various water-related government agencies and many of these laws are becoming outdated, redundant or ambiguous. Hence, it is inevitable that the present arrangements in the water sector will face some changes given the strong commitment by the Federal Government and recognition of the need for change among a number of State Governments.

In line with the new government's policy to ensure better public delivery of services to consumers, it makes good sense to place water and sewerage services together under one roof in the Ministry of Energy, Water and Communications. This is a significant step forward in the government's effort to reshape the structure of the water sector.

We hope that the quality of our water services will be further improved and our delivery system modernized when a single Ministry regulates, monitors and enforces regulations on water and sewerages matters. Water services is one utility that is lagging behind the development and changes seen in the other utilities such as telecommunications and energy under the new Ministry. Bringing all the utilities under the Ministry will enable them to share their collective knowledge and resources and to learn and benefit from each other's experiences.

Water management in Malaysia is highly fragmented with different agencies having responsibilities over some aspects of water. We found from our experience that understanding and balancing diverse interests among the stakeholders and role players have become harder to achieve. Under the Federal Constitution, the State Governments' control over water is clear. However, against this backdrop, people have mentioned to me in jest that "water is a state matter, but when there are problems, it becomes a federal

responsibility". Given this state of affairs, I am convinced there's still a great deal to be done to streamline the management of water in our country.

We all agree that our water resources are a shared asset, a common heritage and there are many who believe there should be a place for a stronger national leadership role. The challenge is of course to figure out the correct level - national, state and local - at which responsibility should be shared in order to manage water efficiently. This issue of allocating responsibility to appropriate levels is one that I expect to see on the government agenda for some time to come. I see an increasing role for the National Water Resources Council and the adoption of a National Water Policy to facilitate this. In this respect there is a need to see that a rational system with an integrated operational framework is put in place, within which sensible and equitable decisions can be made for the effective utilisation of a depleting national resource.

I believe that MWA's views on the matter would be most welcome. While we will need to overcome a number of constitutional impediments, it is clear that many of our current water management difficulties cry out for federal leadership. Perhaps it would be good if both the federal and state governments can tap the full constitutional powers available, so that the potential synergies between the federal and state governments can help resolve our problem to achieve our goals of maintaining sustainability of the water supply and sewerage systems in Malaysia.

The privatisation of water is perhaps timely but before this takes place the relevant authority must take on a holistic approach in which the whole gamut of water supply operations must take into account the sourcing, treatment and distribution process. As you are aware the Government currently takes on the responsibility to handle the distribution part of water management whilst sourcing and treatment of water is done by the private sector. On this score the Government has decided to put on hold the decision to privatise water in some states pending the setting up of a National Water Commission, which will serve as a regulating body to ensure that water is of high quality and affordable to consumers. In this context it is imperative for the private companies to be benchmarked against the best performers in the industry so that those who fail to perform will have their licences revoked.

In conclusion, I wish to assure you of the government's willingness to work with the MWA and all role players in the water industry to improve the protection and sustained

delivery of this precious resource of our people. I trust that by working together, we will be able to address the central issues affecting water and wastewater in Malaysia. Thank you and good night.

Deputy Prime Minister's Office
Putrajaya