

# Food for Thought

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## **COMMENT BY AWER ON BUDGET 2014**

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### **COMMENT BY AWER ON BUDGET 2014**

#### **1. Goods and Sales Tax (GST)**

Implementation of GST for electricity must be reviewed by the government. This is due to the Power Purchase Agreement (PPAs) cost component for First and Second Generation Independent Power Producers (IPPs) is still part of the current tariff. Based on discussion with Energy Commission (ST) recently, ST would not carry out any renegotiation of second generation PPA. Renegotiation of first generation PPAs started in year 2007 and failed miserably in reducing the actual impact of PPA to electricity tariff. First generation PPAs (except those who got extension) will be ending by year 2016. The second generation PPAs will be ending between year 2020 and 2024. In the mean time, ST must implement transparent tariff setting with involvement of all stakeholders. Suggestions on improvements for tariff setting and improvements of national electricity industry has been given numerous times to ST and Ministry of Energy, Green Technology and Water (KeTTHA) by AWER since year 2011.

#### **2. Reallocation of Energy Use In Transportation Sector**

AWER welcomes the implementation of Public Transport projects that will contribute positively to the reallocation of energy use (energy source). This is because the shift from personal vehicle usage to public transport can only be accelerated by an integrated public transport network. AWER urges the government to develop a Long Term Public Transport Plan to ensure planned development of public transport with detailed targets. At the same time, AWER urges the government to implement the Minimum Energy Performance Standard (MEPS) and

mandatory energy efficiency labeling for vehicles for both personal and commercial use. This labeling mechanism will enable the purchase of fuel efficient vehicles which will help to reduce fuel consumption and become more environmentally friendly. This will also help stages of fuel subsidy rationalisation program.

### **3. Treated Water Reserve Margin Less Than 20% Nationwide**

An allocation of RM 1.2 Billion is only a short term measure to help to develop water services infrastructures. KeTTHA has delayed the implementation of the National Water Services Industry Restructuring (NWSIR) which should have been completed during the 9th Malaysia Plan (2010). Early this year, AWER met with the KeTTHA's Secretary General to discuss about some of the problems related to water services industry including delays in NWSIR that is already 3 years late. KeTTHA agreed to complete NWSIR by end of 2013. If KeTTHA fails to implement this, strict action must be taken to all the KeTTHA officers involved in the delay of NWSIR implementation because they have caused additional expense to the government and disrupt the National Water Security.

A special committee to monitor the treated water supply situation in Selangor and Kuala Lumpur must be established immediately to ensure sufficient supply of treated water in the Klang Valley during the Visit Malaysia Year 2014.

According to a study by AWER, the people of Kelantan have to rely on groundwater through wells and tube wells. The level of water quality is still doubted and they have to spend more than RM 600 to build their own wells or more than RM 1400 to install tube wells. We urge both the Federal Government and the State Government to expedite the implementation of NWSIR to ensure water service to the people of Kelantan are not neglected.

### **4. Investment Tax Allowance and Tax Exemption for Green Technology**

This is welcomed to increase the use of green technology in Malaysia and directly reduce the impact on the environment. At the same time, giving investment allowances and tax exemptions should be evaluated and certified so that no irregularities occur. In recent years, too many so called 'green' technology mushrooming. This is also to avoid the businesses from being fooled by 'green' claims.

### **5. Malaysian Green Foundation (Yayasan Hijau Malaysia)**

KeTTHA already has three redundant agencies and now add another one in this budget. Green Technology Corporation (Green Tech Corp.) which was inaugurated by the Prime Minister himself in 2009, is the agency that should be carrying out the duties of the overall promotion of green technology. Green Tech Corp also has a workforce and a well-equipped office. AWER hopes that the ESTABLISHMENT OF THE MALAYSIAN GREEN FOUNDATION IS CANCELLED to avoid too many agencies that does not function and waste public money. Three other agencies that should be abolished is the Department of Water Supply, Sewerage Services Department and Sustainable Energy Development Authority (SEDA) as all tasks can be executed by the National Water Services Commission (SPAN), the Energy Commission (EC), Pengurusan Aset Air Berhad (PAAB), Indah Water Konsortium (IWK) and water companies across the country respectively.

### **6. Cameron Highlands' Tragedy and Water Catchment Areas' Management**

Land use management plays an important role in water catchment management. Cameron Highlands' tragedy could have been avoided and it is

not a natural occurrence. Clearing of the upstream area of the dam is rampant and management of downstream from the dam are the two things that have a high possibility to be the main cause of this tragedy. The government must take action against those individuals or entities responsible of clearing the upstream rampantly.

AWER has also sent a memorandum to all heads of state government and federal agencies after the last elections where we have emphasised the importance to gazette and protect the water catchment areas. Are we going to wait for a tragedy involving the deaths of thousands of people or a severe water crisis to start protecting water catchment and highlands in Malaysia? All state governments have been given until 2015 to gazette their water catchments and protect it.

## **7. Energy Efficiency in Government Operation**

AWER welcomes the government's decision to begin to audit the use of electricity and retrofit to improve the energy efficiency of operations. AWER hopes the Ministry of Finance (MoF) is not cheated by millions of saving promised by any agencies or entities, if all existing lights changed to LED lights. Try driving on the Federal Highway in Petaling Jaya and compare the brightness of ordinary street lights and LED street lights. You can see a huge difference. LED lighting installation cost is not a low investment too.

Government must implement no investment initiatives immediately. No investment initiatives are directly related to behaviour patterns, consumption pattern and simple adjustment to daily operations. Low investment initiatives are those that involve changing of equipments, electricity wiring redesigning to introduce zoning (lighting), changing of glass panels, etc. Saving from both the initiatives (no investment and low investment) can be used by the government later on. Government must also prevent using Energy Performance Contracting method as suggested by KeTTHA previously. At the same time, all ministries and its agencies are welcomed to use the online calculator developed by AWER to carry out SIMPLE AND FREE ENERGY AUDIT via [www.click.org.my](http://www.click.org.my). The calculator is developed for all categories of electricity consumers.

## **Conclusion**

All the comments are to enhance the Budget 2014 and continue to improve environmental protection as well as achieving both Water and Energy Security in Malaysia. AWER hopes that Prime Minister who is also the Finance Minister will carry out necessary amendments for Budget 2014 in the current parliament session.

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