

Food for Thought

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WSIA model can uplift Malaysia internationally

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LETTER TO EDITOR - 14 November 2012

WSIA model can uplift Malaysia internationally

Water Services Industry Act 2006 (WSIA) model is a home grown model to manage water services industry which comprises of water treatment, water supply and sewerage services. While OFWAT Model of UK was a reference model, the WSIA model was perfected to suit the needs of developing nation such as Malaysia. Association of Water and Energy Research Malaysia (AWER) fully support the implementation of 'correct' WSIA model developed by Federal Government.

What benefits will public and businesses get when WSIA model is implemented?

I. **Asset Light Model** - Restructuring of water services industry is aimed to ensure water operators place their priority in delivering good water quality and services quality. Water Operators do not need to worry about financial burden, debt (liability) and new water services infrastructure development projects. Their duties will be bound to operating, maintaining, and carry out the core responsibility, which is supplying safe and continuous supply of water to the people efficiently.

II. **Prevents any type of CONCESSION AGREEMENT in future** - Concession agreements have caused too many issues in national water services industry. WSIA do not encourage any type of concession agreements. Through National Water Services Commission (SPAN), operation license will be given with Key Performance Index (KPI). Such licenses will only be renewed every 3 years (for start) with the condition that the water operator fulfills KPIs set by SPAN.

III. **Enforcement by SPAN** - SPAN will regulate water operators in terms of technical, service quality and profit. Pengurusan Aset Air Berhad (PAAB) which is a wholly owned company by Ministry of Finance, will also licensed by SPAN to manage water assets. PAAB is regulated by SPAN in terms of technical, service quality and profit as well to protect people's interest.

IV. **Full Cost Recovery** - Till date, the liabilities in water services industry are ever increasing. This has deterred many water infrastructure and technologies developments for the need of future generation. 'Unpaid Debts' like this will burden our descendants if left unresolved. The Asset Light Model and Full Cost Recovery approach together will protect the people's well being and ensure Water Supply Security (a component of national security) is achieved.

V. **Reasonable and transparent water tariff** - SPAN will ensure that the tariff does not burden the people. Formation of PAAB will reduce the liability burden while increasing the standard of water services industry via continuous development of water services infrastructures. Through WSIA, water services industry will be transformed into a stable economic sector and not 'high profit' oriented like private sector. In near future, all of us also can participate in tariff setting process. A transition process should be put in place to encourage members of public to participate in tariff setting process.

At this point, we can only conclude that, those who still refuse to restructure and delay restructuring process are those whom are afraid of good functioning model for water services industry in Malaysia. Currently, few more state governments and Indah Water Konsortium have yet to restructure promptly. The delay will deter world class water services to the people and country's development despite of imposing additional cost to new water services infrastructures. In the end, the delays will only burden the public via tariff. This is contradicting with the objective of the restructuring process.

In addition to that, WSIA model can create a window of opportunity to Malaysia to lead the world in water services industry. AWER has also received very encouraging feedbacks on WSIA model locally and internationally especially after we managed to convince the Federal Government to form Non-Revenue Water (NRW) Reduction Task Force early this year. A great future lies ahead for Malaysia.

Water is basic need and a basic human right. Water is life.

Piarapakaran S.

President

Association of Water and Energy Research Malaysia (AWER)

[GO BACK](#)

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